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Japan

Foreign Ministry on Protest by U.S. Jewish Group

OW2401092695 Tokyo KYODO in English 0825 GMT 24 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO—A Jewish organization in the United States has lodged a protest over a Japanese magazine article denying the gassing of Jews at the Auschwitz death camp, Foreign Ministry spokesman Terusuke Terada said Tuesday [24 January].

Terada told a press conference for foreign correspondents that Abraham Cooper, associate dean of the Simon Weisenthal Center, wrote to Japanese Ambassador in Washington Takakazu Kuriyama protesting at the article which appeared in the February issue of the monthly magazine "MARCO POLO."

The article, titled "There Were No Nazi Gas Chambers," argues that the Holocaust was a fabrication and that gas chambers did not exist in Auschwitz or any other concentration camps for Jewish people during World War II.

According to the writer, Masanori Nishioka, who claims to be a doctor, such a view is often heard in Europe and the U.S.

He also wrote that a gas chamber now on display in Auschwitz was built after the war, either by Poland or the Soviet Union.

Terada told the press conference that the Japanese Government cannot restrict such articles from appearing in the Japanese media because of the freedom of speech.

The Japanese Government, however, "maintains the position that it is strongly opposed, not only to antisemitism but also to any discrimination or prejudice based on race or religion," Terada said.

He also said he hopes the Japanese people will exercise "sound judgment, based on historical perspectives, of whatever they read."

"The Government of Japan regards it as very important to help deepen in Japan an accurate understanding of the tragic history of the holocaust of Jews in Europe," Terada said.

Article Views Peso Crisis, Obstacles for U.S.

Part I

OW2301143495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 20 Jan 95 Morning Edition p 9

[Article by Washington correspondent Shigeru Omago; first part of a two-part series entitled: "New Currency Crisis; Ripples of the Mexican Shock"; this installment entitled "Obstacles to Financial Policies; Struggling U.S. Government"]

[FBIS Translated Text] The unrest experienced by the international currency markets, which started in Mexico, is now in a brief state of tranquility. The U.S. Government's unusual stance of supporting Mexico is calming the unrest in the currency market; even the President has shown his eagerness to support Mexico. However, the reality is that this unusual U.S. support shows the difficult nature of the problem. That is to say, the currency crisis' impacts, if we cannot apply breaks to the unrest, will, needless to say, be felt by other new markets as well as by U.S. financial and trade policies. International society is still in a stage of seeking a prescription to fend off, so to speak, a "new currency crisis," in which unrest in new markets may pose a threat to markets in industrialized nations, and nobody knows if such a prescription will have its intended effect.

New Markets Threaten Dollar

On 18 January, saying that "Mexico's crisis is a U.S. crisis," President Clinton made a bold speech and called on American businessmen and people for their support in aiding Mexico, with the main pillar being a maximum of $40 billion in loan guarantees.

Treasury Department officials stress: "The President's remark is not an exaggeration." Mickey Kantor, U.S. trade representative (USTR), and other officials unfolded a theory that is easy to understand, saying: "Exports from the United States will drop and employment opportunities will decrease if the Mexican economy gets worse." However, Treasury Secretary Rubin and Greenspan, Federal Reserve Board (FRB) chairman, are worried about market repercussions.

"Withdrawal of funds" by private investors, who had been increasing their investments in Mexico over the past several years, will become serious if their distrust toward the Mexican economy and policies are left intact. This will add fuel to the decline of the Mexican peso and stocks. Rubin said that the unrest "will spread, without doubt, to new markets in other Latin American countries and Asia."

The U.S. Government gives no further official explanation. But the truth is that the things the U.S. Government has not explained are the problems. Negative impacts on the United States will be small if U.S. funds, which are the largest of all invested in Mexico, are reinvested in the United States. In reality, however, funds, after being exchanged for dollars, will likely move toward the German mark and other currencies, which are believed to be more stable than the dollar. A movement to sell American stocks and bonds will pick up its momentum and the dollar's value will drop if losses in new markets expand further.

Trump Card of Market Professionals

Another problem is the impact on U.S. financial measures. The real economic growth rate for the period between October and December last year was "around 4.5 or 5 percent," (according to an FRB official). Given this growth rate, it is no surprise when the FRB decides to raise, through the Federal Open Market Committee (FOMC), the interest rate by 0.5 or 0.75 percent.

However, if the unrest in the newly-emerging markets continues, there is no other choice but to be cautious about raising U.S. interest rates, which promotes the withdrawal of funds. On the other hand, there is a danger that too much caution may accelerate a drop in U.S. bond prices (an increase in the long-term interest rate) and a drop in the U.S. dollar's value, out of concern over inflation in the United States. This means the FRB and the Treasury are facing a "serious dilemma," which may simultaneously accelerate unrest in the newly-emerging markets and uncertainty in the dollar's value.

The reason why the U.S. Government is hastily trying to formulate additional assistance measures, which are being pushed forward the President, is that both Rubin and Greenspan, originally from Wall Street, have stressed the fear of the new-type currency crisis, in which the unrest in the newly-emerging markets—which have rapidly grown thanks to the financing of business investment—threatens the dollar, the key currency.

As a matter of course, the idea of loan guarantees for Mexico spelled out by those who are attaching importance to the market is based on the technical aim of converting Mexico's short-term foreign debts into more stable long-term debts with the U.S. Government's loan guarantee. It can be said that the loan guarantee is a trump card held by the professionals in the market.

"Measures To Save Wall Street"

However, the warning presented by the new, difficult currency crisis has failed to obtain an understanding by the U.S. Congress. While the congressional leaders have basically agreed with the loan guarantee idea, the Congress as a whole has expressed growing criticism that the idea is "just a measure to save Wall Street, taken by those who are from Wall Street." The Congress has not supported the explanation that "loan guarantees do not mean an increase in U.S. expenditure burdens" (as stated by President Clinton) or arguments that market stability is "the best way to protect the interests of the U.S. people," and congressional approval for additional assistance measures has been delayed.

What is behind the delay is the revenge by the "protectionists" who opposed congressional approval of the North American Free Trade Agreement (NAFTA) in 1993. Actually, many of the congressmen who demand unreasonable conditions for the loan guarantees are those who are opposed to NAFTA, isolationist, and critical of the President.

If the U.S. Administration fails to work out practical measures for the loan guarantees, it is expected that not only will the currency instability in Mexico and other countries come to the fore again, but also, the U.S. Congress will heighten the color of protectionism. The truth of the matter is that the logic concerning market stability has hit a political wall. This indicates that trouble is still expected in the situation of the newly emerging markets, including Mexico, as well as the world trade issue, though both the situation and the issue seem to be in a state of tranquility.

Part II

OW2301223495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 21 Jan 95 Morning Edition p 9

[Article by New York correspondent Ryosuke Harada; second and last in a series entitled: "New Currency Crisis; Ripples of the Mexican Shock": "Lessons for Asia; Excessive Dependence on the Market"]

[FBIS Translated Text] The market price for the Mexican peso against the dollar has fallen by about 40 percent in one month. Its impact on the local economy is becoming increasingly serious, and it is apparent there is a thorny path ahead for economic reconstruction.

Some manufacturing plants that are dependent on imports for parts have had to suspend operations because of the soaring production costs the fall of the peso has caused. Debts for local businesses that use dollar-based loans have grown by 40 percent when converted into the peso. As such, even when they make a profit, it all disappears paying for debts. The interest rates for peso loans have also soared to 40 percent a year. Despite a government order to free the prices of commodities, the price of foodstuffs and other goods are continuing to rise in Mexico City.

In the newly-emerging world market, Mexico has been a top runner. It has joined the OECD and the North American Free Trade Agreement (NAFTA). Its fall serves as lessons to other developing countries including those in Asia.

Unstoppable "Hemorrhage"

The first lesson is the problem of the country having depended too much on funds in overseas markets. The country was able to procure abundant funds by issuing bonds and shares as other newly-emerging markets had done. But its dependence on such overseas funds was out of proportion, and the degree of the capital flight was serious. Mexico's economic policy failed this time for the same reason it did at the time of the debt crisis of the 1980's. What has happened again is that the current-account deficit expanded, foreign exchange reserves shrank, and funds became scarce.

What is different this time, however, is that the difficulty in raising funds led to an instantaneous crisis. In the 1980's, the Mexican economy depended on Japanese, U.S., and European banks as sources of "bloodline" funds, and as long as repayments were not approaching, the problem of raising funds never arose as an issue. This time, however, the loan sources were bonds and shares that are traded on a time-to-time basis. Once the financial market's trust in the peso was shaken, the "hemorrhage" dumping of peso assets could not be stopped.

Another lesson is the fact that the impact of the issue spread so fast. To take the biggest investment trust company in the United States, Fidelity Investments, for example, a total of $500 million flowed out of its overseas share investment trust funds in the two months of November and December, and most of the investments went into the funding of newly-emerging markets. The U.S. investment trust company was basically uneasy, and once Mexico fell into a crisis, they were quick to act and led the market in selling Argentine and Brazilian shares.

Some U.S. investment trust companies have in fact started the process of screening out possible "second Mexico's" by checking such economic fundamentals [preceding word published in English] as current-account deficits for all markets. It was because of this mood of wariness in the U.S. financial market that Argentine Finance Minister Caballo visited New York twice recently—late last year and early this year—to call on U.S. investors to regain calm.

Apprehensions About Gears Going Into Reverse

Asian markets are not an exception. In a quarter of the U.S. fund industry, people are saying: "The collapse of the land investment bubble will be very serious in Hong Kong. With its currency having been set at too high a level against the dollar, the potential pressure to sell Hong Kong money will grow. There are now even funds that have started to take advance orders in anticipation of the decline of the Hong Kong dollar. This move was the cause of the fluctuation of Asian currencies at the beginning of the year.

Compared with Latin American countries, current-account deficits are still small in most Asian countries. With the total foreign currency reserves for 10 Asian countries and regions surpassing those of the United States and six European countries, there is room as a whole.

But, because the influx of funds since 1990 from such countries as the United States and Japan has been so great, there is certain uneasiness about the possibility of gears going into reverse even in Asia. For Japan, these markets are in its backyard. Japan cannot "watch the Mexican crisis as a fire on the other side of the river," (according to a general manager of a Japanese bank branch in New York).

The U.S. Government, which has given priority to stopping the turbulence in the Mexican monetary market, is considering increasing its short-term financial assistance by $40 billion. But still, some people think "that it will do no more than arrest the bleeding" (to quote an official of a major U.S. bank). As the assistance will not be provided by making loans, but thorough loan guarantees, there still remains the question of whether Mexico can secure long-term stabilization funds in the end.

Uneasiness About Currency Instability Arises Again

At the time of the debt crisis in Mexico, the problem of raising funds was resolved by creditor banks agreeing to deferment of repayments. But this time, the creditors are private investors and the investment trust companies and securities companies that represent them—of the United States and other countries. The bank consortium that was asked to provide loans of $3 billion in assistance complained, and questioned why they had to "pay someone else's debts."

If the U.S. Congress' review of the government program for additional assistance, or if disbursement of banks loans gets delayed, it is possible the uneasiness about currency instability will arise once again.

The Mexican currency crisis is expected to become the most important topic of discussion at the meeting of the Group of Seven (G-7) finance ministers and central bank governors to be held in February. They will look for a way to deal with this problem of the market going out of hand and spiraling like a whirlpool.

Banks Plan To Loan Mexico More Than $400 Million

OW2401124395 Tokyo KYODO in English 1212 GMT 24 Jan 95

[FBIS Transcribed Text] New York, Jan. 24 KYODO—Four major Japanese banks plan to loan more than 100 million dollars each to Mexico to help bail it out of a currency crisis that has triggered huge capital flights from Mexico's official debt instruments, banking sources said Tuesday [24 January].

The four are the Bank of Tokyo, Fuji Bank, Sumitomo Bank and the Industrial Bank of Japan which earlier received requests from the Mexican Government to come to its financial rescue, the sources said.

The respective loan sums are about half the requested amount of 200 million dollars, they said, adding the interest rate to be charged Mexico will stand at the London interbank offered rate (Libor) plus 1.25-1.50 percentage points.

The loan contracts between the banks and the Mexican Government would mandate that the loans be repaid by year-end, they said.

The move came at a time when the U.S. Congress is reportedly leaning toward approving a plea from the administration of President Bill Clinton to provide 40 billion dollars in loan guarantees to Mexico.

The four banks initially expressed reluctance to comply with the Mexican pleas but have finally relented in the face of the possibility that the Mexican crisis might trigger a chain reaction of similar capital flights from the debt instruments of Asia's newly industrializing countries, they said.

A group of 32 U.S., European and Japanese banks have been asked to shoulder a 3 billion dollar portion out of the overall bailout package of 18 billion dollars which the United States and a number of nations have vowed to provide, they said.

Trade Surplus With U.S. Increases 9.6%

OW2401075095 Tokyo KYODO in English 0705 GMT 24 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO—Japan's merchandise trade surplus in 1994 posted the fourth straight yearly gain and third straight record high, expanding a tiny 0.8 percent to 121,167 million dollars, the Finance Ministry reported Tuesday [24 January].

On a custom-cleared basis, exports rose 9.6 percent to 395,541 million dollars, while imports jumped 14.0 percent to 274,373 million dollars, the ministry said in its preliminary report.

The politically-sensitive trade surplus with the United States increased 9.6 percent to 54,961 million dollars, the ministry said.

In December alone, the country's trade surplus showed a tiny 0.3 percent gain to 12,985 million dollars with exports climbing 14.9 percent to 37,670 million dollars and imports soaring 24.5 percent to 24,684 million dollars, it said.

Japan's trade surplus with the United States was up 2.8 percent in December to 5,528 million dollars, it said.

Further on Trade Surplus

OW2401091895 Tokyo KYODO in English 0858 GMT 24 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO—Japan's overall merchandise trade surplus in 1994 hit a record high as did the politically-sensitive trade surplus with the United States, both increasing for the fourth year in a row, the Finance Ministry said Tuesday [24 January].

The ministry said the overall surplus was up 0.8 percent from the previous year to 121.17 billion dollars.

On a customs-cleared basis, exports in 1994 rose 9.6 percent to 395.54 billion dollars and imports increased 14 percent to 274.37 billion dollars, the ministry said in a preliminary report.

The trade surplus with the U.S. was up 9.6 percent from 1993 to 54.96 billion dollars.

However, the trend seems to be changing, a ministry official said, because on a yen basis, the trade surplus declined for the second straight year, down 7.1 percent from a year earlier.

Even on a dollar basis, the surplus shrank 3.1 percent in the second half of last year after posting a 5.1 percent hike in the first half, the official noted.

The official said, however, it is still difficult to say whether the surplus will stay on downward path and the ministry will carefully watch developments, considering possible monthly ups and downs.

In 1994, the dollar was quoted at an average 102.37 yen, down 8.8 percent from 111.39 yen for 1993, according to the ministry.

The trade surplus with Asian nations increased for the fifth straight year, rising 15.1 percent to 61.65 billion dollars, while that with the European Union decreased from the previous year's level for the second consecutive month, dropping 16.2 percent to 22 billion dollars.

The surplus with Asian nations also hit a record, topping that with the U.S. for the second year in a row, the official said.

Japan has experienced trade deficits with China ever since 1988, however, with a record 8.89 billion dollar deficit in 1994, he said.

In volume terms, exports rose 2.0 percent to post the first yearly gain in two years, while imports increased for the second consecutive year, rising 13.7 percent.

By product type, exports of electronics parts like semiconductors increased 32.9 percent while those of engines and auto parts were up 22.7 percent and 18.2 percent, respectively.

By contrast, exports of automobiles fell 2.5 percent, dropping 10.6 percent in volume terms to 4,727,836 units.

Imports of electronics parts rose 37.4 percent while those of office equipment like computers increased 32.2 percent.

Imports of clothing rose 20.6 percent, with those from China increasing sharply, the official said.

Imports of automobiles, mainly from the U.S. and Europe, grew by 38.0 percent, or 45.3 percent in volume terms, to 314,201, he said.

Car imports from the U.S. increased a remarkable 76.4 percent, or 73.9 percent in volume terms, he said.

The ministry also reported that the nation's trade surplus increased in December for the second straight month of year-on-year gains, rising 0.3 percent from a year earlier to 12.99 billion dollars.

Exports grew 14.9 percent to 37.67 billion dollars and imports up 24.5 percent to 24.68 billion dollars, both marking the 22nd consecutive month of yearly increases, the official said.

The December trade surplus with the U.S. was also up for the second month in a row, edging up 2.8 percent to 5.53 billion dollars.

The surplus with the EU fell for the first time in two months, declining 2.0 percent to 2.17 billion dollars, while that with Asian nations increased for the seventh straight month, by 23.1 percent to 7.26 billion dollars.

Industry Lagging in Use of CALS Production System

OW2101130695 Tokyo MAINICHI SHIMBUN in Japanese 14 Jan 95 Evening Edition p 1

[From the "News Land" Column: "What Is CALS?—A Specific Cure for Reviving U.S. Industry"]

[FBIS Translated Text] A new control system called "CALS," which was used in producing and developing Patriot missiles that performed well in the Gulf war, will likely make a full-fledged landing on Japan. The system, originally introduced by the United States as a trump card in its strategy toward the Soviet Union, proved fruitful in shortening the period for developing weapons and reducing production costs. With the end of the Cold War, the system has been opened to the private sector and has been used as a special remedy for improving the competitive power of U.S. industry. What on earth is CALS?

CALS is an acronym for Continuous Acquisition and Life-cycle Support. CALS is an electronic processing and computer-controlling system for data about the life of products ranging from designing and development to production, maintenance, and distribution. In concrete terms, the system demands that ways of writing documents, drawing diagrams, processing pictures, and communicating be uniform so that data can be understood both inside and outside of companies. Since the system enables one to handle data by using computers without depending on paper, wide-ranging works such as designing, development and production can proceed simultaneously. Therefore, the period for developing products can be shortened, a change in designing and procuring parts can be carried out speedily, and the system enables a sharp reduction in production costs.

Moreover, such measures as standardization of formats of internal documents promote efficiency in the office, and the productivity of white-collar labor can be increased.

The U.S. Department of Defense introduced this system in 1985. This system contributed to the development of such arms as the revised Patriot missiles and Aegis ships, which are the newest ships, capable of dealing with mass missile attacks.

Since Deputy Commerce Secretary White announced in 1992 that the government "would reconstruct the U.S. manufacturing industry with CALS," private-sector companies have positively promoted the introduction of the CALS system. At present, about 260 leading U.S. companies, including the Big Three automakers, have introduced the system. The U.S. Government has obliged every company that has dealings with the government and municipal offices to conform to the CALS system by the year 2000.

In the U.S. private sector, it is said that Chrysler Corporation introduced this system in developing a small car called "Neon," which the company began selling at a price below $10,000 in January 1993 in a bid to compete with Japanese small cars. The development period for "Neon" was 31 months, quite a bit shorter than the 50-month period for Japanese cars. This has given a shock to the automobile industry.

The CALS system has begun to spread in Europe and Southeast Asia as well. Although Japan has initiated various production control systems, which it can boast to the world, including the "Kanban system" [just-in-time inventory system]—the system which aims to reduce inventories to the extreme—it has fallen behind other countries in introducing the CALS system. One of the reasons for the delay is that Japanese company executives believe "the paperless system has been already introduced" and they have an allergy to anything associated with the military. However, the paperless system Japanese companies claim has only reached the level available on the inside of companies and their affiliated companies. There is an obvious gap between this Japanese paperless system and the CALS system, which enables all concerned people to share necessary data.

If the situation goes unchanged, there is a danger that Japanese companies' competitive power will weaken. The Japan Electronic Industry Development Association launched full-fledged activities for spreading the CALS system in September 1994. The Ministry of International Trade and Industry [MITI] plans to set up the "CALS technology study association" this spring. MITI intends to try to introduce a CALS model system to power plants at a cost of approximately 3 billion yen in three years beginning fiscal 1995.

NEC Corporation has been trying to introduce the CALS system. Tatsuo Goto, chief of the NEC's technology and research administrative division, said: "If major companies receive an order for producing semiconductor chips, it takes them three months. However, U.S. venture firms need only one week. To survive, there is no other way but to speed up."

With the emerging of the CALS system, the efficient Japanese production system, which Japan has boasted to the world, and the information-gathering system through human connections, are now facing a crucial moment.

Further on 'Likely' Resumption of Aviation Talks

OW2101060795 Tokyo MAINICHI SHIMBUN in Japanese 20 Jan 95 Morning Edition p 11

[FBIS Translated Text] It has become likely that the Japanese-U.S. aviation talks to address the issues of air transportation pending between Japan and the United States will resume in March. Michihiko Matsuo, administrative vice minister of transportation, told a news conference on 19 January that the United States has informed Japan, through diplomatic channels, of its desire to resume the talks.

The Japanese Transportation Ministry late last year notified the U.S. Government of its firm stand rejecting any new flight service into Japan by U.S. aviation companies as long as the United States refuses to correct the existing Japanese-U.S. aviation treaty, which has been in effect since 1952 and which is considered to be unfair to Japan. Now the U.S. Government, which has persisted in stating that it would not respond to Japan's call for negotiations, has backed down and has notified Tokyo of its wish to hold talks. The last aviation talks were held a year and a half ago in August 1993. The main topics of the talks this time will be new flight services into Kansai International Airport and correcting unfair terms in the aviation treaty.

At present, the All-Nippon Airways Company wants to inaugurate flight service between Kansai airport and Honolulu, and Japan Air Cargo wants to launch service linking Kansai airport and the continental United States. On the other hand, American Airlines and Delta Airlines of the United States want to begin flight service into Kansai airport.

The Japanese Government, meanwhile, wants to change the terms of the aviation treaty, which have caused a Japanese-U.S. imbalance in transportation carrying loads and which have given the United States an advantage over Japan in beyond rights (the right to enter airports of a country and to fly on to a third country).

The resumption of the talks has been called for by Japan, but the United States is in a rather complicated situation. While American Airlines and Delta Airlines want the U.S. Government to hold talks with the Japanese Government to work on Tokyo allowing them to launch service into Kansai, airlines such as United Airlines and Northwest Airlines, which already have service into Kansai, do not want these other companies to compete with them in providing flights into that airport and thus are negative about reopening the talks. As such, the U.S. Government has not been able to make its position clear on the question of resuming the talks.

It appears, however, that in the face of Japan's tough position, the U.S. Government has decided it cannot leave the issue unattended to forever. The voices of the two companies demanding the resumption of the talks have also become too loud to ignore.

Chief of Japanese Firm Asked To Settle Strike

OW2101030995 Tokyo KYODO in English 0142 GMT 21 Jan 95

[FBIS Transcribed Text] Washington, Jan. 20 KYODO—U.S. Labor Secretary Robert Reich met the top executive of Bridgestone/Firestone Inc. Friday [20 January] and urged the Japanese-owned tire manufacturer to settle a six-month-old labor dispute with striking workers.

"I urged the company to return to the bargaining table for serious and meaningful negotiations with the union," Reich said after meeting Masatoshi Ono, chief executive officer of the Nashville, Tennessee-based unit of Japan's Bridgestone Corp.

The labor row at Bridgestone/Firestone, which involves a worker strike since July, took a diplomatic twist last week when U.S. officials raised the issue at a working lunch that President Bill Clinton hosted for Prime Minister Tomiichi Murayama following their summit meeting in Washington.

Clinton personally assailed the Bridgestone/Firestone management after the company decided to permanently replace some of the striking workers.

Reich reiterated the Clinton administration's position in his meeting with Ono on Friday, telling the Japanese executive that the U.S. Administration is opposed to permanent replacement of striking workers.

"It is my hope that with further negotiation the two sides soon will reach a fair settlement," Reich said.

Bridgestone/Firestone officials could not be reached immediately for comment.

Government Reacts to Lifting of DPRK Sanctions

OW2201231095 Tokyo YOMIURI SHIMBUN in Japanese 21 Jan 95 Evening Edition p 2

[FBIS Translated Text] The United States has partially lifted its economic sanctions against the DPRK. The business community including trading firms, while cautious about doing business with the DPRK, is reacting to the U.S. step, saying: "The partial lifting of economic sanctions against the DPRK by the United States will provide a momentum for Japan to expand its relations with the DPRK."

The partial lifting of economic sanctions against the DPRK by the United States is expected to actually move the Tumen River Project and other Northeast Asian projects forward. Trade insurances were frozen by the Japanese Government, but the U.S. move is expected to create a climate for the resumption of trade insurances.

Trade insurances and export credits for the DPRK have been suspended since the mid-1980's, when the DPRK defaulted on its accumulated debts to Japan. In 1993, Japan exported 24.2 billion yen in goods to the DPRK and imported 27.6 billion yen in goods. These figures represent merely about one-fifth the amount of peak trade between the two countries.

Japan-DPRK normalization talks have been suspended since November 1992 because of the DPRK's post-war reparations demands.

For that reason, few believe that the U.S.-DRPK thaw will serve to promote Japan-DPRK relations. The prevailing view within the business community is that "Japan and the DPRK will first begin by expanding their trade, and then the Japanese private sector will gradually take the lead in normalizing relations between the two countries."

Although Japan has yet to normalize relations with the DPRK, no restrictions are imposed on trade by Japanese private firms. The United States has made an issue of the remittance of money to the DPRK through Japanese banks, but the remittances themselves pose no legal problem. Therefore, the Foreign Ministry is saying: "The Japanese Government does not need to take any new deregulatory measures for Japan-DPRK economic relations."

Editorial on Nation's Role in DPRK Reactor Issue

OW2301034995 Tokyo ASAHI SHIMBUN in Japanese 22 Jan 95 Morning Edition p 5

[Editorial: "Hope for Full Implementation of U.S.-DPRK Agreement"]

[FBIS Translated Text] Three months have passed since the United States and North Korea signed an agreement in a bid to resolve the issue of North Korea's suspected nuclear development. U.S.-North Korea relations were strained once after a reconnaissance helicopter assigned to U.S. forces in South Korea was shot down in North Korean territory, but the United States and North Korea settled the incident through dialogue. It is safe to say that the terms of the agreement, which the United States and North Korea are committed to fulfilling within three months, have been almost fulfilled by the two signatories.

First, North Korea has halted the construction of two graphite-moderated reactors. North Korea also has frozen the operation of a radio-chemical laboratory, a reprocessing facility, without reloading used fuel rods into a 5-megawatt experimental reactor.

In response, the United States has shipped heavy oil from South Korea to North Korea as an alternative energy supply the United States promised to supply in return for North Korea's renunciation of the graphite-moderated reactors. The United States has also announced its partial lifting of economic sanctions against North Korea, which have been in place since the outbreak of the Korean War.

Leaders of the United States, Japan, and South Korea at their summit have affirmed the need to completely implement the agreement and agreed in principle to establish the Korea Energy Development Organization (KEDO), which will take charge of helping North Korea shift to the use of light-water reactors.

Apprehensions have persisted about putting the agreement into effect because of the deep distrust between the United States and North Korea resulting from their longstanding confrontation. We are pleased to see the terms of the agreement fulfilled in a satisfactory way so far.

The next step is for nations involved in implementing the agreement to establish the KEDO and conclude a contract for a shift to light-water reactors. We have several points to indicate in order to smoothly promote the establishment of the KEDO and shift to light-water reactors.

First, there is a question of how to deal with the establishment of the KEDO and Japan's burden of the cost of constructing the light-water reactors.

The United States is trying to increase the number of nations participating in the KEDO to a dozen, and we support the U.S. effort. The international community's broad cooperation in North Korea's construction of light-water reactors will solidify the foundation for implementing the agreement.

At the latest Japan-U.S. summit, Prime Minister Murayama promised President Clinton that "Japan will provide significant financial assistance." Although the amount of the financial assistance has yet to be decided, some predict that the financial assistance will amount to approximately $1 billion.

South Korea has already expressed its intention to play a key financial role. For the Korean peninsula to be denuclearized, Japan should play an aggressive role in concert with the United States, South Korea, and China. We fully support Japan helping put the agreement into effect by shouldering appropriate funds as the so-called "peace dividend."

Suspicions still persist that North Korea may have developed nuclear weapons. Some argue that it is not proper for Japan to provide a huge amount of funds to North Korea, which has continued to develop missiles.

Efforts are needed in the future to clear up suspicions about North Korea's past nuclear development and verify that country's development of missiles. We believe that efforts should be made to implement the U.S.-North Korea agreement since no effective means exist to make North Korea give up the development of nuclear weapons.

The United States is the source of information on North Korea's suspected development of nuclear weapons. The Japanese Government is supposed to have been briefed by the United States on the present state of North Korea's suspected development of nuclear weapons. We believe that the Japanese Government should explain this information to the people in a way that they can fully understand.

We would like to ask North Korea to resume the North-South dialogue as stipulated in the U.S.-North Korea agreement.

North Korea had made it a practice during the Kim Il-song era to announce a "New Year's Address." This year, however, it was replaced with a "joint editorial" that criticized the Kim Yong-sam government as a "submissive sellout regime."

If North Korea hopes to construct the light-water reactors, South Korea's financial and technical cooperation is indispensable. North Korea must realize that it will be difficult to further implement the U.S.-North Korea agreement unless North-South relations are improved.

MITI To Implement Chemical Weapons Convention

OW2101093495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 17 Jan 95 Morning Edition p 3

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] has drafted a domestic bill in anticipation of the Chemical Weapons Convention [CWC] taking effect in the second half of 1995.

The main points of the bill are: 1) A permit will be required for the manufacture of 12 chemical substances which can be used to manufacture chemical weapons and which have no conceivable civilian use, including sarin and mustard gas; 2) prior reporting to the government will be required for the manufacture of an additional 31 chemical substances listed in the CWC; and 3) obligatory reports will be required of around 100 plants manufacturing chemical substances listed in the CWC which have the possibility of conversion to chemical weapons, and they will have to allow inspections by CWC agents. MITI will present the draft bill to the regular session of the Diet, which will convene on 20 January, in order to enact the domestic law in time for the CWC's taking effect this autumn.

The CWC completely bans the development, manufacture, and possession of chemical weapons. It also provides for CWC agencies' inspection of plants manufacturing substances which can possibly be converted to the manufacture of chemical weapons.

Since January 1993 various countries have signed the convention, and the ratification process has been ongoing. The Japanese Government is also scheduled to ratify the CWC at the next regular Diet session.

Since Japan does not produce nor possess chemical weapons, the main point of its domestic implementation will be on the management of chemical substances. CWC classifies chemicals into three categories according to their degree of civilian usage. Among the three, Category One consists of chemicals which have no conceivable civilian use, and production of these substances for research, treatment, pharmaceutical and protective use is limited to less than one ton a year. MITI has set down the regulation that prior declaration will be required for the manufacture of Category One substances.

For the 14 substances under Category Two, which have certain civilian usages, and the 17 chemicals under Category Three, which are widely used in the civilian sectors, reporting to the government will be required. Thiocyanic glycol, used as color development solvent for ballpoint pens and clothing, and arsenic trichloride, used in producing semiconductors, are included in Category Two. Hydrocyanic acid, used to produce pesticides and pharmaceutical products, is under Category Three.

In order to ensure that chemical substances are not being converted to military use, plants producing chemicals listed in CWC will have to submit production reports to CWC agencies through the government. Furthermore, international inspection teams can inspect these plants to determine whether the actual operations coincide with the activities reported.

Murayama Expresses 'Remorse' Over War Acts

OW2401092795 Tokyo KYODO in English 0653 GMT 24 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO—Prime Minister Tomiichi Murayama failed to answer Tuesday [24 January] whether he believes Japan waged "war of aggression" during World War II.

Following questions at the House of Representatives from Tetsuzo Fuwa, Presidium chairman of the opposition Japanese Communist Party, Murayama said there are "various arguments" on the meaning of a "war of aggression." The premier, however, expressed his remorse over Japan's past acts of aggression and its colonial rule in Asian countries.

* Politicians Criticized on 'Postwar Reparations'

952B0067A Kyoto VOICE in Japanese Dec 94 pp 160-171

["Discussion" between Kanji Nishio, professor, University of Electro-Communications; and Shoichi Watanabe, professor, Sophia University; place and date not given]

[FBIS Translated Text] [Watanabe] Again, these days, I often hear the expression, "postwar reparations," and I think this expression sounds odd. Reparations are provided neither before nor during a war. They are always paid after a war. I wonder why they talk about "postwar" reparations now. Postwar reparations are always promised at the time of signing a peace treaty, and they can't be anything else. And Japan already paid reparations about half a century ago. There are some countries like the former Soviet Union to which Japan has not paid reparations, but the fault is theirs.

Nevertheless, why has this absurd discussion on postwar reparations cropped up now after half a century? The reason is that a socialist party exists in Japan. The leader of this party is Ton-chan [nickname for Tomiichi Murayama; a Japanese expression, "Tonma no Ton-chan," means "Ton-chan, the fool"], and strangely enough, his nickname sounds so apropos of the situation. If we didn't have that kind of a foolish party, we would have never had those uproarious individuals.

[Nishio] There are countries that want to apply political pressure on Japan, which has grown big and prosperous. China and Korea both know Japan's habitual behavior that, if Japan is accused of its past, it will kiss the ground, although they cannot nail down Japan in any other areas. This kind of political intention is quite clear.

[Watanabe] China and Korea are both raising the issue of reparations, but they don't seem to be the original instigators. President No Tae-u of South Korea said that he didn't have any intention to bring out the issue of postwar reparations, but he had to do so, because he was requested to say something on this by Japanese newspapers. Then, Korean newspapers sensationalized his statement. I think that's the fact.

[Nishio] I also hear that the issue of comfort women for soldiers was inflamed by Japan's mass media and spread to Korea. In addition, however, there is a trade issue. Japan's trade with the United States used to account for about 40 percent of our total trade, but now it has declined to about 28 percent, and this decline is accounted for by an increase in our trade with Asian countries. Therefore, Japan's business sector wants to lessen political friction with Asian countries as much as possible. Because of this kind of sentiment, I believe a series of events has started. This seems to be the case at least during the Hosokawa administration.

However, except for China and Korea, other Asian countries had different ideas. As ASEAN member countries feel increased pressure from China, and as they see that the United States has been reducing its military presence in Asia, they are increasingly aware of the need for Japan to play some role in the region. This is evident in Prime Minister Mahathir's statement: "We are not asking for an apology or reparations now. Instead, we want Japan to clarify its political intention." This difference in viewpoints has become quite apparent. After all, arguments surrounding the issue of postwar reparations relate to Japan's domestic issues.

[Watanabe] Current bureaucrats and politicians in Japan have lost the knowledge of the Japanese bureaucrats and politicians of 30 years ago. One of the most meaningful treaties for Japan is the Japan-Korea Basic Treaty signed 29 years ago. For eight years after the Korean war, Korea couldn't redevelop its economy at all; it remained one of the poorest countries in the world like Africa. Then, President Pak judged that unless Korea embraced Japan in its entirety, it would never be able to redevelop itself. His judgment was splendid.

At that time, Japanese politicians and bureaucrats maintained their stance that unless the Japan-Korea Annexation Treaty was acknowledged as a legitimate treaty, they would not sign a new treaty. To begin with, the Japan-Korea Annexation Treaty was applauded by the world community, and it was not coerced upon by Japan. Opinions were sought from China under the Ching dynasty, Russia, Italy, Germany, and France. Of course, Great Britain and the United States welcomed the treaty wholeheartedly. Then, Hirobumi Ito was assassinated in Korea, and it was like assassinating MacArthur right after the end of World War II. Therefore, it was natural for Japan to be enraged, and the Korean Government and public shuddered. Consequently, Korea had nothing else to do but to acknowledge the Merger Treaty. The Japan-Korea Annexation Treaty was signed under these circumstances. And, if this treaty was considered wrong, the superpowers that acknowledged it were also wrong. Japan was not wrong to carry its reasoning through.

Then, what does it mean that the Japan-Korea Annexation Treaty was valid, and that it was replaced by the Japan-Korea Basic Treaty because of changing circumstances? It means that reparations are not necessary. For an event that arises under a formal international treaty, reparations don't exist. Therefore, reparations were not paid to Korea. However, as President Pak made a decision gracefully and understood what Japan had to say, we paid $500 million at that time under the pretext that the funds were for reconstruction. An agreement was also reached that what had happened in the past would not be mentioned any more in the Japan-Korea Basic Treaty. If anyone takes issue with what happened prior to the Japan-Korea Basic Treaty, he will be in violation of the treaty. Therefore, when Korea made a complaint through its politicians and diplomats, Japan should have come out strong and said, "We can't respond to that, because doing so will be in violation of the Japan-Korea Basic Treaty. Are you trying to break the treaty?" That should have solved it. I can't think of anything else, but there was a lack of knowledge.

[Nishio] Who lacked knowledge?

[Watanabe] Japanese politicians and bureaucrats.

[Nishio] But, some bureaucrats should have known that. The Ministry of Foreign Affairs [MOFA] says that it has been subscribing to the Japan-Korea Basic Treaty through and through.

[Watanabe] They must have had some knowledge, but it was not strong enough to influence politicians. Even by risking its own existence, the MOFA should have made politicians say what I said earlier.

[Nishio] Japan's young politicians and bureaucrats of today, who are in their forties or so, including those in the same generation as Mr. Hosokawa who had postwar education, tend to neglect the historical aspect of what Japan's politicians and bureaucrats of 30 years ago fought hard to establish. They tend to be swayed by the prevailing mood in making judgment; they are pushed around by various noises here and abroad. What you have said is very true. I meant the same thing when I said that the issue of postwar reparations could never have become an issue as long as the domestic situation in Japan remained sound. You said at the beginning quite symbolically that "because we have a socialist party," and I think that means the same thing as well.

A Sad Obsession with the Historical View of the Tokyo Tribunal

[Nishio] When we talk about the issue of postwar reparations, or of indemnities to take responsibility for the war, we cannot separate it from such questions as what kind of war it was and how the Japanese citizens at that time thought about the war. We cannot consider it separately at least from such questions as how the war in the Far East differed from the war in Europe and what kinds of measures toward Asia were taken prior to the war by European countries and the United States.

[Watanabe] Certainly.

[Nishio] If I elaborate on this further, it will be as follows. After the war, two views on war entered Japan. One is based on Marxism and Leninism, saying that capitalist countries cause war. Another is based on such a plot like fascism of Japan and Germany against democracy of England and the United States, with the latter waging a righteous war. These two views on war completely changed the way of life that the Japanese used to have before the war.

With regard to the former, it became clear which countries, capitalist or socialist, were the ones that set off a war, as the Soviet Union's military forces invaded Czechoslovakia, and Vietnam invaded Cambodia. Then, following the collapse of the Berlin Wall in 1989, the issue was resolved, and I think it will disappear of itself. On the other hand, the latter view is still a major problem. We have been inculcated to believe that the last world war was a righteous war waged by British-U.S. democracy against Japanese-German fascism.

[Watanabe] That relates to the historical view of the Tokyo Tribunal.

[Nishio] That view is imbedded in the minds of the public as an irreversible belief, and it is the main reason why we Japanese are still feeling guilty, thinking that we committed a major crime against China, Korea, and other Asian countries. After the war, along with [such manners as] ladies first and Hollywood movies, various beautiful ideas of the British-U.S. democracy entered Japan, including freedom and equality, equal rights of men and women, and respect for human rights. The Japanese had once experienced these ideas during the period of Taisho Democracy, but we understood them only conceptually. Therefore, we began to make a self-analysis in earnest, wondering that Japan might have neglected to put these ideas in practice.

Because of this excessive self-analysis, we have lost sight of a very important thing. That is, although these various ideas are good in themselves, we have come to think of such countries of whites as England, France, the Netherlands, the United States, and Russia as ideal nations that embody these ideas perfectly. It is one of the sad things that happen to a defeated nation—we came to believe that those ideals existed in victorious nations, not in the defeated nation. Somehow, we couldn't make level-headed judgment on the bellicosity, high-handed authoritarianism, imperialistic ambitions, and racially discriminatory attitudes of the English, French, and Americans.

Europeans and Americans talk about self-determination of peoples and so on, but they are in fact practicing double standards. They applied their standards in Europe, but never in Asia. But, Japan in the postwar period didn't examine this fact, but only had a guilty conscience. The worst thing is that we wrote the history of Japan with this guilty conscience. This was a major mistake.

[Watanabe] For example, our major newspapers and others are wrong to jump to conclusions when Japan is compared with Germany. This is what the left wingers of our postwar Socialist Party used to do quite often. For example, the Japan Teachers' Union went to the ILO [International Labor Organization] and complained that working conditions in Japan were terrible. But, an investigation team from the ILO came to Japan and found that Japan had the National Personnel Authority, which raised rates of salaries of public servants according to those for private industries. So, the ILO decided not to criticize Japan. They couldn't care less about humiliating Japan so long as the truth didn't come out.

Like the Naivete of Marxist Youth

[Nishio] In considering the differences between the war in Europe and that in the Far East, we need to have a clear understanding of the period between World War I and World War II.

[Watanabe] Regarding your point, I've been paying close attention these days to the debates between Professors Kentaro Hayashi and Keiichiro Kobori in the magazine SEIRON. The viewpoints I've always had are coming out through their debates. Professor Hayashi believes that during the period between World War I and World War II, Europe and the United States were forging ahead toward democracy, but that Japan and Germany were taking an opposite course. But, when the League of Nations was created right after the end of World War I, one thing that a representative from Japan proposed was not to discriminate against races because of their different skin colors. Japan made such a proposal to the League of Nations in 1919.

However, this proposal by Japan was not taken up by the League of Nations. It could have never been taken up, anyway, because major countries of that time all had colonies, and were practicing something similar to apartheid. Then, why could Japan make that proposal? That's because Japan had Korea and Taiwan, not as its colonies but in principle as countries to be merged with in the future. Japan had this kind of moral ground.

[Nishio] Japan's proposal to remove racial discrimination was the fact.

[Watanabe] But, it was voted down. Then, as if to respond to this event, the Supreme Court of the United States legalized the practice of discrimination against Japanese immigrants. Discrimination against Japanese immigrants had already been legal under some state laws, but according to the federal law in 1924, Japanese immigrants were banned from the country.

All this happened during the period between wars. According to Professor Hayashi, when the world community was forging ahead toward democracy after the end of World War I, racial problems were becoming increasingly worse. Believing without considering this kind of situation that only Japan became reactionary when Europe was moving on to democracy is like bringing in the sensibility of Marxist youth to the postwar period. This seems to be a blind spot for the aging Marxists and those who were Marxists during their youth.

[Nishio] Professor Hayashi commands great influence.

[Watanabe] Such people became the backbone for conservative parties after the war. When that great professor says that prewar Japan was an aggressor, politicians from conservative parties echo his statement. Even Mr. Nakasone began to do so. This is a very sad situation.

[Nishio] Aside from what Professor Hayashi believes, I'd like to speak of my own view on the period between the wars. World War I changed Europe completely; it destroyed European society's sweet dream of prosperity, and at the same time the extreme tragedy brought about by the war strengthened antiwar sentiment. That's the fact. In addition, following the war, the prosperity of the civilian society came along to England and other countries. And, due to, for example, the spread of automobiles and expansion of various entertainment devices such as radios and movies, the mood for pacifism spread further, and people everywhere hoped that they would not have to fight a war again.

Also, the Austro-Hungarian Empire collapsed, and such small countries as Czechoslovakia and Hungary became independent. Such ideas as territorial integrity and self-determination of peoples became established in Eastern Europe, and voices supporting these ideas began to influence international politics, albeit in a small scale.

However, formation of a political culture through the expansion of freedom of the civilian society, which Japan and others had not yet experienced, was limited within Europe and the United States. Furthermore, what supported the prosperity in England and the United States was exploitation of their colonies. The ideas of self-determination of peoples and territorial integrity were applicable to the region where the Austro-Hungarian Empire had existed. In other words, these ideas were never applied to Asia and Africa; they signified double standards.

[Watanabe] Going back a little further in history, when the Russo-Japanese War broke out, Theodore Roosevelt of the United States supported Japan, because he didn't want Russia to advance to China. But, once Japan won the war, he considered Japan as a threat to the national polity of the United States.

The reason is that there were blacks and Hispanics in the United States, and the conventional idea was that, unless these people were treated as subhuman beings, the country would not be able to function. Even the men who wrote in the Declaration of Independence about the equality of human beings had huge plantations and used blacks. They meant all whites when they talked about all human beings. Also, the people who brought about the French Revolution, which was influenced by the independence of the United States, proclaimed *liberte*, *egalite*, and *fraternite*, but they meant these ideas to be applicable only among the whites—the local people in French colonies were in dire condition.

For the white people, non-whites having a perfect command of natural science meant a threat to their national polity. Therefore, although they looked down on Japan until the Russo-Japanese War, they didn't hate it. But, as soon as Japan won the war, they began to hate Japan and ostracize Japanese immigrants.

Japan's postwar Constitution was also based on discriminatory treatment. It was drafted at MacArthur's General Headquarters in one week and was translated into Japanese. When the Constitution is changed, the civil law also has to be changed. And, all laws below that also have to be changed. As a civil law represents the tradition of a nation for hundreds of years, it should not be changed by foreign military officers. The reason why this was done without much concern is that MacArthur believed that the colored race could be treated just like that. Germans were not treated like that, because they are the white race. Writing a Constitution and handing it to them were not considered.

[Nishio] Germany has revised its Constitution 36 times since the end of the war. The United States, England, France, and the Soviet Union—these four countries have permitted Germany to have such a Constitution that can be revised by parliamentary resolutions. Japan was lucky to be occupied only by the United States, but as far as our Constitution is concerned, the United States pressed its own way.

A Strategic Move Made by the United States for the Pacific War

[Nishio] Back to the period between the wars, the Washington Conference was held in 1921. I believe this was certainly a typical meeting where they pressed their double standards upon Japan. There is a famous story that, by pressuring Japan by some means, they decided to assign, for maintaining battleships, the ratio of five to five to three among England, the United States, and Japan. To this idea of restricting the number of battleships, the Japanese Government did not object because of financial straits. The problem was that they annulled the Anglo-Japanese Alliance and disgraced Japan by making it give up its rights and interests in China, which Japan had obtained during World War I. And, while they stipulated every possible stringent control measure regarding the newly born Soviet Union's expansion and Japan's wariness and defense over China's internal affairs, they didn't lay even a finger on European countries' control over Southeast Asia and Southwest Asia.

[Watanabe] At any rate, the worst interference was the annulment of the Anglo-Japanese Alliance. Canada and the United States were most adamant on this. Canada has been a racially open country since the end of the war, but it hated Japanese prior to the war. For the United States, the existence of the Anglo-Japanese Alliance was an impediment to its strategy. If it had attacked Japan, England would have bombarded New York City because of the Anglo-Japanese Alliance. So, the United States would not have been able to wage war against Japan. Therefore, the annulment of the Anglo-Japanese Alliance was extremely important.

[Nishio] England wanted to continue to have the Anglo-Japanese Alliance.

[Watanabe] But, as England was provided with weaponry and ammunition as well as soldiers by the United States during World War I, it had to accept the cancellation of the Anglo-Japanese Alliance. Following the dissolution of the alliance, the United States began to make all kinds of requests to Japan.

[Nishio] Having become a victorious country in World War I, Japan received the South Sea Islands as its territories from Germany. But, as the United States objected to this at the time of signing the Versailles Treaty, these islands didn't become Japan's territories, but instead they were placed under the mandatory rule of Japan. Then, at the Washington Conference, it was stipulated that Japan should not strengthen its defense capability in these islands. To our amazement, however, reinforcement of armaments in Pearl Harbor and Singapore was stipulated as an exception. Here, I think preparations were steadily made for the Pacific war that began a few years later. In the same year when the Washington Conference was held, the Communist Party of Chinawas formed, and the Soviet Union invaded Mongolia and established the Mongolian people's government. The United States made a great fuss over Japanese threats, and here I can see the historical tendency of the U.S.-style, one-sided compulsion for justice.

[Watanabe] Around that time, Japan used an expression, the "Monroe Doctrine for Asia," saying that Japan had never criticized the United States for extending its political influence in Central and South America, and as the United States advocated the Monroe Doctrine, it should not interfere with Asian affairs. It was a strong criticism against double standards. But, the logic of the one with power took precedence.

[Nishio] As the Anglo-Japanese Alliance was dissolved, history moved on toward the direction of Japan's isolation and its linkage with Germany, leading to the outbreak of the war. This union of Japan and Germany was not necessarily a historical inevitability, but it seems to have been an accident. If we rewrite history by asking "what if" on how and which countries formed alliances, the war of Japan and Germany versus England and the United States doesn't seem to have been inevitable. Rather, Japan could have allied with the United States and England, fighting against Germany and the Soviet Union. It is full of accidents how the world war evolved that time. In this sense, we should not think of the historical view of Japanese-German fascism versus Anglo-U.S. democracy as an inevitable history. That war of combinations could have been avoided if Japan were prudent, and England and the United States were not necessarilly the only countries that represented justice. All this should be taught in school textbooks.

Japan Is Not a Criminal Nation Like Germany

[Watanabe] During the last war, the United States conducted indiscriminate bombing of Japan and dropped atomic bombs. This is genocide. And, the only excuse for such action was that Japan had attacked Hawaii. A war to start a war, or a war of aggression, is translated as *shinryaku senso* [war of invasion], but it should be translated as *kogeki senso* [war of attack]. They are saying that because Japan waged a war of aggression, it would be all right to drop atomic bombs on it.

[Nishio] But, although it was called a war of aggression, MacArthur himself said later that Japan's attack on Pearl Harbor was for defensive purposes. He stated before the hearings by the Senate Joint Committee on Military and Foreign Affairs in 1951 that Japan was a country devoid of resources, and when shipping routes were closed to that extent, it was understandable that Japan had to take that kind of a desperate action—the war was a sort of a self-defensive war.

[Watanabe] If the one that waged a war is wrong, I would like to ask who started the China incident. Both in the middle and northern regions of China near Nanking, China was the one that waged a war of aggression. The Tokyo Tribunal didn't touch on the question of how the China incident occurred, because if it did, it would have discovered the facts. Therefore, we, the Japanese, can apply the same logic that is used by the Americans, saying that China was the one that waged a war of aggression. In the case of Germany, however, it was a war of aggression.

[Nishio] No doubt, that's true.

[Watanabe] It was different in the case of Japan. The reason why the Japanese have a bad feeling toward China is that it fought a war for eight years. During the war, I wondered why the war couldn't end sooner. I was an elementary school child then, but I remember it well, because the Sino-Japanese War and the Russo-Japanese War ended in a year or so. That feeling of bitterness was somehow replaced by the feeling of guilt.

[Nishio] Therefore, it will be much easier to understand if we compare that war with the war waged by Germany. In the case of Germany, the war was quite different in character from that of Japan. Germany was surrounded by modern states, and it waged a war with a clear intention to conquer them. On the other hand, the ones which Japan invaded were not sovereign countries. They were all controlled by suzerain nations, and Japan had no sovereign countries to declare a war against. Even Hawaii, where Pearl Harbor is located, was a colony of the United States.

In the case of Japan's war, therefore, there was never a feeling of guilt toward England, the United States, France, the Netherlands, and the Soviet Union, with which Japan mainly fought. This is a definite point of difference from the case of Germany. If we had a feeling of guilt, that would have been the oppression Japan imposed upon the civilians in the remote regions of China and the Philippines.

Another point is that, aside from the war objectives, the Nazis commited mass murder. This was nothing of value militarily. As everybody knows from the Spielberg's movie, *Schindler's List*, Germans transported their victims by train from every part of Europe and gathered them in their concentration camps. Furthermore, they gathered these victims in the remote areas of Eastern Europe. It was a disadvantageous thing to do militarily during a period when trains were scarce in supplying war resources and soldiers. Nevertheless, this mass murder based on a nonmilitary motive continued to increase as the war's end approached. It was after 1942 when gas chambers were built in Auschwitz—it was about that time when Germany was about to be defeated. Clearly, the mass murder was based on a motive different from that for the war.

[Watanabe] It has been said that the Japanese killed civilians in Mainland China and in Singapore. But, all this killing was to eliminate guerrillas. The reason why guerrilla activities should not be conducted is that guerrillas cannot be distinguished from the general public. If someone is suspicious, you have no choice but to shoot him. Therefore, this kind of killing was completely different in nature from the mass murder committed by the Nazis.

[Nishio] Besides, in the occupied region in Poland, the Nazis purged all those who had received higher education. Reportedly, the number of such victims amounted to 1 million. Also, education beyond the fourth grade in an elementary school was declared unnecessary. On the other hand, Japan founded an imperial university in Seoul.

[Watanabe] That was even before Osaka University was founded. Around that time, Korean people also ascribed to the theory of Japanese and Koreans as descendants of the same parentage.

[Nishio] Going back to our earlier discussion, war crimes mean such extreme actions conducted during a war as, for example, cruelty upon civilians, slaughtering of prisoners of war, attacking and sinking hospital ships, and indiscriminate bombing of residential areas. These are ordinarily called war crimes. Victorious countries also commit these ordinary war crimes. A country that commits war crimes is not necessarily a criminal nation. That is to say that a country may commit war crimes, but the nation itself is not a criminal. In fact, both Japan and the United States committed war crimes, but they themselves were not criminal nations like Germany. This distinction is important.

A peace treaty exists so as to achieve mutual reconciliation over war crimes. The San Francisco Peace Treaty was that kind of treaty. Japan has reconciled its war crimes, but Germany has never signed a peace treaty with any country. It hasn't paid national indemnities for its war crimes. The people have a misconception on this point. In other words, Germany does not consider, even in a dream, postwar reconciliation for its war crimes or apologizing for these crimes. Even if it signs peace treaties with those countries around it, it will not be requested to pay reparations, because all of these countries are now modern states.

In this sense, our citizens should know that Germany's "crimes against humanity" are different in nature from ordinary war crimes, which Japan as well as the United states committed. For example, Mr. Hosokawa said that, as Germany had spent about 7 trillion yen for its policy of exterminating a race as well as for such experiments on human bodies as sterilization and castration, Japan should contribute about 1 trillion yen to that country. His statement was simply outrageous. Telling the world about crimes that the Japanese did not commit is stupid, and it's a crime against our citizens, I believe.

[Watanabe] This is all due to ignorance. It is ignorance to a treacherous degree. It is extremely dangerous to draw and pick up convenient examples from Germany. If they want to compare Japan with Germany, they should first read Professor Nishio's book, *Different Tragedies: Japan and Germany* (published by BUNGEI SHUNJU).

More ODA Recommended To Expand Telecom Networks

OW2301104495 Tokyo KYODO in English 0919 GMT 23 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 23 KYODO—A government advisory council recommended Monday [23 January] that Japan offer more official development assistance (ODA) to developing countries to help them expand their telecommunications networks, officials said.

The Telecommunications Council at the Ministry of Posts and Telecommunications made the recommendation in an interim report on expanding a global information infrastructure.

The recommendation is in line with an eight-point declaration on telecommunications to be adopted at a ministerial meeting of the Group of Seven (G-7) industrial nations to be held in Brussels Feb. 25-26, the officials said.

The report also urged that industrial nations prepare a joint project for laying the global information infrastructure and offer technological assistance to developing countries.

Meanwhile, a trade ministry panel urged the government to propose at the G-7 meeting that compatibility be ensured for hardware and software systems for a global telecommunications network.

A subcommittee of the Industry Structure Council at the Ministry of International Trade and Industry (MITI) made the recommendation in a report submitted to MITI head Ryutaro Hashimoto.

MITI To Conduct Overseas Investment Survey

OW2101110095 Tokyo NIHON KEIZAI SHIMBUN in Japanese 13 Jan 95 Morning Edition p 5

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] has firmed up a plan to conduct a fact-finding survey every year on Japanese companies' overseas transactions and direct investment in foreign nations, starting in FY95. MITI has decided to review its "Basic Survey on Business Activities" which has been carried out every three years to check up on business firms' organization, business activities, and performance. MITI will add a survey on overseas transactions and direct overseas investment to the basic survey and conduct it every year. The government's statistics only indicate the amount of imports and exports classified by items and the amount of direct investment in foreign nations by countries. However, the new survey will help grasp in detail the amount of imports and exports by type and scale of business and Japanese companies' purchase of foreign firms and the establishment of factories overseas.

The new survey will be approved officially after a report recommending the adoption of the new survey method is submitted by the Statistics Council (advisory organ to the director general of the Management and Coordination Agency). Officials of MITI's Industrial Policy Bureau say: "Industrial hollowing-out caused by the appreciated yen will continue to exist, and Japanese firms' inroads into foreign nations will get into stride. Through the new survey method, we want to grasp Japanese companies' business activities overseas as precisely as possible." MITI conducts a survey on the "trend of the mining and manufacturing industry" every month. MITI plans to give the same importance to the new fact-finding survey.

The survey will be conducted on 35,000 mining, manufacturing, and wholesale and retail companies having over 50 employees and over Y30 [yen] million in capital. These companies will be asked to answer a question on their business performance including overseas transactions and direct investment in foreign nations as of 1 June every year. It is said that the total sales of these 35,000 companies accounts for about 60 percent of the total sales of all the business firms in Japan.

The 35,000 companies will be asked whether they have carried out inter-company organizational reform; whether they have launched new business; whether they have had domestic or overseas dealings; whether they have established subsidiaries; and whether they have made inroads into foreign nations. On the part of a question on domestic and overseas transactions, they will be surveyed on whether they have had dealings on intellectual property rights, including computer software. On the part of overseas dealings, MITI will check up on actual dealings classified by countries, including nations in North America and Southeast Asia, and by items such as raw materials, chemical goods, metal goods, equipment, electric appliances, and transportation machines. Based on the results of the survey, MITI plans to analyze: 1) How business activities of affiliated firms in foreign nations are related to imports and exports, and 2) how direct investment in foreign nations promotes industrial hollowing-out in Japan and affects the current account balance and the economy.

French Insurance Company To Open Offices in Apr

OW2001033595 Tokyo KYODO in English 0911 GMT 19 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 19 KYODO—A fully-owned subsidiary of French insurer Axa Group announced Thursday [20 January] it will start life insurance business in Japan on April 1 with 10 branches nationwide.

Axa Life Insurance Co., set up last July with capital of 11 billion yen, will sell a full range of life insurance product lines through three channels—its own direct sales force, agents and direct response through newspaper advertisements, said president James Stanley Hawken.

The company, currently with 140 employees, has a target of 100 billion yen in insurance income by 2005, Hawken said.

He added, however, it will seek steady growth of long-term and profitable operations.

"One percent market share in 10 to 15 years would be satisfactory, though we are not chasing a market share," Hawken said.

Entry into the Japanese insurance market through the first fully-owned subsidiary overseas is part of Axa group's strategy toward globalization, said Claude Bebear, the group's chairman and chief executive officer.

Bebear said the group needs to enter Asia as it is expected to be an important market in the 21st century, especially Japan, which he said is the biggest market in the world life insurance field.

The group has already decided to invest in Japan 250 million dollars over the next 10 years, Bebear said.

Asked about the Japanese market being closed, Bebear said, "It's still not easy to enter the market but things are changing...The MOF (Ministry of Finance) is ready to accept foreign companies in easier ways than in the past."

In this regard, Hawken called for liberalization of development of new product lines.

"We will try to introduce innovation in the Japanese market," whch is going to change through deregulation toward more competition, Bebear said.

Axa Life Insurance was granted an operating license in last October by the Finance Ministry after four years of preparations and plans to increase its capital to 24 billion yen in the near future, the company said.

Russian Islanders Make Visa-Free Trip to Hokkaido

OW2301043695 Tokyo KYODO in English 0339 GMT 23 Jan 95

[FBIS Transcribed Text] Kushiro, Japan, Jan. 23 KYODO—Representatives from disputed islands in Russia's Far East region arrived Monday in [23 January] Kushiro, Hokkaido to discuss this year's visa-free exchange projects with Japan.

The group, led by Southern Kuril District Chief N. Pokidin, will fly to Tokyo on Tuesday to meet officials of an organization in charge of citizen exchanges with the islands, as well as officials of the Management and Coordination Agency and the Foreign Ministry.

The visit is part of the bilateral visa-free exchange program involving mainly citizens of Hokkaido and the Russian-held islands.

The group will return to Hokkaido on Thursday to pay a courtesy call to the Hokkaido prefectural office in Sapporo before returning home on Saturday.

Officials canceled two visa-free visits last year after a powerful earthquake struck the islands last October. The quake claimed at least 12 lives and left more than 1,000 people homeless.

A delay in reconstruction projects is likely to limit the extent of this year's exchange visits.

The three islands of Kunashiri, Etorofu and Shikotan, and the Habomai group of islets, seized by the Soviet Union at the end of World War II, have long been a source of dispute between Tokyo and Moscow. Japan claims the islands as its "northern territories."

Space Energy Research Planned With Russia

OW2301043395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 21 Jan 95 Morning Edition p 12

[FBIS Translated Text] The Science and Technology Agency [STA] has firmed up a plan to launch joint research in cooperation with Russia and Ukraine, on the possible development of a power generation system for use in space using solar energy, starting in the next fiscal year. The plan is aimed at securing the electric power needed for future activities in space. A contract is expected to be officially signed among the three nations at an international conference on 25 January, after the scope of technical cooperation is confirmed. As the former Soviet Union has accumulated technology in the area of energy conversion through military research, Japan plans to develop technology related to solar power generation for peaceful use in space through the joint research.

To be studied is a power generation system using a thermoelectric converter. To make the system, two semiconductors will be put together after their component is transformed with thermoelectric conversion technology. When the tip of the combined semiconductor is heated and the other end is cooled, voltage can be generated. In this way, the power generation system will comprise a solar collector part and a radiator part that cools down solar heat, with the thermoelectric conversion device's tip exposed to space. Japan plans to use the system in a space station in the future.

As this system can directly change heat to electricity, the system does not need to have such driving gears as a turbine, and it can be compact. Moreover, system maintenance can be done easily, and the STA believes it will be an important basic technology needed for future activities in space.

The Japanese side will engage in research under the leadership of the National Aerospace Laboratory [NAL], which has been engaging in basic research on thermoelectric conversion technology since the last fiscal year. However, its conversion efficiency is less than 5 percent, and it is still a long way from being put to practical use. On the other hand, thanks to military research during the Cold War, when the former Soviet Union was still in existence, Russia and Ukraine have accumulated technology concerning thermoelectric conversion, and it is said that a high-performance conversion system with 50 percent conversion efficiency is under development. At an "International Workshop on Energy Conversion Materials" to be held in Sendai on 25 January, Japan plans to confirm the feasibility of joint research with Russia and Ukraine. If it materializes, the joint research will be the first joint development using military technology for peaceful purposes.

So far, Japan and Russia have cooperated with each other based on a scientific technology accord signed in 1973, when Russia was part of the Soviet Union. When a Japan-Russia Committee on Cooperation in Science and Technology was held in Tokyo last May, how to promote "research on energy conversion technology with very high efficiency" appeared on the agenda as a new topic. The planned joint research on a power generation system will be the first study of the overall research on energy conversion technology.

Tokyo To Protest Al-Qadhdhafi Remarks on Quake

OW2401075895 Tokyo KYODO in English 0655 GMT 24 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO—Japan will lodge a protest against Libya for remarks by Libyan leader Mu'ammar al-Qadhdhafi that the earthquake that killed more than 5,000 people in western Japan is "God's revenge," Foreign Ministry spokesman Terusuke Terada said Tuesday [24 January].

"Col. al-Qadhdhafi's statement severely hurts the relatives of the victims of the earthquake disaster and is grotesquely lacking in common sense," Terada said. "We very much regret the statement."

He told a press conference for foreign correspondents that Japan will lodge protests through the Japanese Embassy in Libya and the Libyan Embassy in Japan.

Al-Qadhdhafi reportedly said the earthquake in Kobe on Jan. 17 was "God's revenge because the country used its economy to serve the devil."

The death toll from the earthquake rose to 5,063 as of 1:45 P.M. [0445 GMT] Tuesday, with 26,300 injured and 95 missing.

Libya has been under United Nations sanctions since 1992 for refusing to hand over two Libyans suspected in the 1988 bombing of a Pan Am airliner over Lockerbie, Scotland, in which 270 people died.

Terada later held a separate press conference for the Japanese media and said the ministry lodged a protest Tuesday afternoon at the People's Bureau of the Socialist Peoples' Libyan Arab Jamahiriyah in Japan, which serves as the country's embassy in Tokyo. The Japanese ambassador to Libya will also soon make a protest to a high-ranking government official in Libya, he said.

Murayama Urged To Resign Over Quake Handling

OW2401115495 Tokyo KYODO in English 1118 GMT 24 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO—A group of 11 opposition Diet members pressed Prime Minister Tomiichi Murayama on Tuesday [24 January] to resign to take responsibility for his alleged failure to deal effectively with the aftermath of the killer quake in western Japan last week.

"The increase in secondary damage is partly due to delays in decisions by the premier and his cabinet," the group said in a statement.

Although Murayama should have offered an apology to the nation for this, he instead remarked Monday that his three-way coalition government dealt with the temblor in the best way possible under the current system, the group said.

"We cannot forgive the prime minister for this irresponsible utterance. We demand he resign immediately to take responsibility for this," it said.

The opposition lawmakers are mainly from Shinshinto (New Frontier Party), which was formed last December.

In a Diet session Monday, Shinshinto leader Toshiki Kaifu criticized the government for what he called delays in coping with the Jan. 17 disaster that devastated the port city of Kobe and its environs and killed more than 5,000 people.

Murayama, who assumed office last June, leads the coalition comprising his Social Democratic Party, the conservative Liberal Democratic Party and new party Sakigake [Harbinger].

Goverment Reacts to Criticism Over Quake Handling

Leaders Discuss Future Plans

OW2301234395

[FBIS Editorial Report] Tokyo FNN Television Network in Japanese at 2326 GMT on 21 January, in its "News 2001" program, carries a 26-minute roundtable discussion with Michio Watanabe, senior official of the Liberal Democratic Party [LDP], Yoshihiko Miyauchi, president of Orix Corporation, Kenji Mizutani, director of Tokai Research Institute, and Kenichi Takemura, a columnist. FNN newscaster Yuji Kuroiwa and Megumi Sekito moderate the discussion.

Kuroiwa opens the discussion by asking Miyauchi what measures economic circles should take to restore the earthquake-devastated region. Miyauchi said: "There are two types of relief measures. One is the urgent rescue operation, which is currently being implemented by the local and central governments with their utmost effort. The other is a long-term step to rebuild assets of companies and individuals which were lost by this earthquake." He proposes to devise a master plan aimed at restoring cities which can withstand natural disasters, and said: "Through restoration activities, we could invite more investments than the amount of assets we lost in these quake-stricken cities." Asked about measures the central government should take for residents who have lost their houses, Mizutani said that the government should provide financial assistance to people by several ways, such as allowing partial exemption from interest on housing loans. He also suggests a plan to provide public housing to aged people who may not be able to receive housing loans from banks.

Watanabe comments on the effects of the earthquake on Japan's industrial circles. He says: "Although it is reported that Japan's GNP will greatly drop due to this disaster, I think there will be less impact than we are afraid of." As for the master reconstruction plan, he asserts that it should be formed with the consent of residents. Takemura points out that construction companies and banks, which have been having a hard time in the prolonged economic slump, will have a great deal of business opportunities in reconstruction activities. He also said: "The Ministry of Finance will be forced to make a decision to implement drastic measures to rebuild cities. As the INTERNATIONAL HERALD TRIBUNE also said, domestic demand will be expanded by this incident. In the long run, both Japan and the international community will benefit from the earthquake." Mizusawa shows confidence that the Kansai region will successfully recover from the devastation by utilizing Japan's abundant funds and materials.

At 2337 GMT, Kuroiwa asks Miyauchi about the impacts of the earthquake on Kansai economic circles. Miyauchi said: "It may be true that Japan's overall economy will take a turn for the better in the long run thanks to this incident. However, certain measures should first be taken to raise distressed people's hopes." Asked about the possibility of a financial crisis, Watanabe flatly denies it, saying that all financial organizations will cooperate with each other in smoothly conducting the routine work, such as repayment of deposits.

Kuroiwa shifts the topic to the issue of city planning. He asks Watanabe whether the government should put restrictions on real estate dealings in carrying out city planning. Watanabe says: "The government will need to impose restrictions to a certain extent. However, it should first thoroughly discuss city planning with residents." He also says that the government should help those people and companies that wish to move to other regions. In response, Kuroiwa asks Watanabe if he also wants to encourage private companies to move their production sites to other Asian countries. Watanabe replies: "No, I do not encourage moving companies overseas. The government must honestly help them to restore their businesses in Japan to prevent the hollowing out of domestic industry."

Speaking on the concrete reconstruction steps, Mizusawa stresses the need for the government's leadership in implementing reconstruction projects. He said: "In a bid to get production activities back on track as soon as possible, utmost efforts should be made to rebuild the land transportation network. To that end, residents must sacrifice their personal interests to a certain extent." Watanabe says the master plan should be prepared by the local governments first, and then the central government should give them necessary assistance and guidance. At the end of the discussion, Takemura stresses the need for a drastic restoration plan, saying: "For a few days after the earthquake the major land transportation network to the Kansai region was almost paralyzed because trunk roads, which run closely to each other, were greatly damaged. Therefore, it is necessary to build other trunk roads far from them to prevent a recurrence of such a situation." The discussion ends at 2349 GMT.

Murayama on Emergency Measures

OW2401044095 Tokyo KYODO in English 0347 GMT 24 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO—Prime Minister Tomiichi Murayama pledged Tuesday [24 January] that his coalition government will strengthen its measures for dealing with disasters and managing emergencies, following the great Hanshin earthquake which devastated part of western Japan on Jan. 17.

The government should review its disaster measures and enforce systems to gather and transmit information so that it can act more quickly and effectively in emergencies, Murayama said.

At the opening of a House of Councillors session, Akira Kuroyanagi of Heiseikai, an upper house parliamentary bloc comprising two opposition parties Shinshinto (New Frontier Party) and Komei, demanded that Murayama should apologize to victims and survivors.

But the prime minister reiterated his condolences to victims of the quake and expressed appreciation of rescue efforts and assistance from people inside and outside Japan.

Kuroyanagi, an executive of Shinshinto, said the Murayama government's "faulty" crisis management systems and "slowness" of its response partly caused the gravity of the disaster.

He said Self-Defense Forces (SDF) contingents had prepared to go to disaster-stricken regions immediately after the earthquake, but their deployment was delayed for hours because requests from the quake-hit Hyogo Prefectural Government were slow to arrive.

Murayama said that some SDF corps had begun inspecting stricken areas before receiving requests from the prefectural government and that the SDF had made its best possible efforts under the circumstances.

Kuroyanagi also criticized the trip by three cabinet ministers to Aomori Prefecture, northeastern Japan, to help the campaign of a gubernatorial candidate between Thursday and Sunday.

The premier said the ministers went to Aomori after taking necessary measures and their absence from Tokyo had no impact on the government's handling of the disaster.

The 150-day ordinary Diet session convened Friday, and the House of Representatives held debates on the earthquake on Monday.

At the beginning of Tuesday's discussions, Sadatoshi Ozato, state minister specially assigned with responsibility for dealing with the earthquake damage, reported to the upper house the circumstances of the disaster and measures taken by the government.

Review of Communications Networks

OW2401122695 Tokyo KYODO in English 1102 GMT 24 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO—The Japanese Government plans to review emergency communications networks to improve their operations in major disasters, government officials said Tuesday [24 January].

"It's an urgent task to review a system of rescue start-up," one official said, emphasizing the need to improve the existing networks.

A senior official in charge of internal affairs within the Cabinet Secretariat underlined the need to quickly and accurately transmit information from police and firefighters.

The move comes amid growing public criticism of what victims say is the government's slow response to the Jan. 17 temblor that killed more than 5,000 people in the western port city of Kobe and surrounding areas.

According to government sources, Prime Minister Tomiichi Murayama learned of the predawn quake from an aide and an emergency communications route one hour and 45 minutes later.

The sources pointed to the lack of communication and coordination and the matter of familiarity with the emergency networks in determining how the quake situation was grasped and the response.

The National Land Agency received an emergency report from the Meteorological Agency and informed disaster relief officials at ministries and agencies simultaneously via an automatic calling system 30 minutes after the temblor struck.

But an official within the Cabinet Secretariat said the first report was poor.

"I was told that the earthquake struck and was ordered to just wait while watching TV reports, so I didn't know the damage situation," the official said.

MOL Starting Unemployment Pay

OW2401014595 Tokyo KYODO in English 0117 GMT 24 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO—The Ministry of Labor [MOL] on Tuesday [24 January] started providing unemployment allowances to workers in western Japan forced to leave jobs due to the powerful earthquake which hit the area on Jan. 17, ministry officials said.

The move is in line with the government's official recognition of the quake as a major disaster whose victims should be given the utmost help, the officials said.

The great Hanshin earthquake destroyed much of downtown Kobe and badly damaged surrounding cities, forcing many companies to close down. Their employees can receive unemployment allowances at local Labor Ministry offices of 60 to 80 percent of the daily wages each earned before the quake.

Depending on the amount of their unemployment insurance subscriptions, the affected workers will receive 90 to 300 days of pay, the officials said.

Banks To Offer Quake Victims Easier Loan Terms

OW2401144295 Tokyo KYODO in English 1232 GMT 24 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO—Commercial banks and other financial institutions are easing conditions on repayment of home loans to victims of last week's earthquake, officials said Tuesday [24 January].

Following offers of new low-cost financing for people to replace quake-hit homes, the new moves would help existing borrowers through such measures as extending loan repayment periods to cut the payment burden, the officials said.

For example, a 10-year loan could be extended to 20-30 years, although details vary among the institutions.

In addition, Sakura Bank is allowing postponement of principal and interest payments for a maximum of a year for existing borrowers who apply by the end of July.

Sanwa Bank, Sumitomo Trust and Banking Co. and Daido Mutual Life Insurance Co. are offering counseling on possible grace periods, officials said. Nippon Life

Insurance Co. intends to allow postponement of principal repayment and take only interest payments, officials said.

Sumitomo Bank and some other major commercial banks plan to reduce interest rates in cases where counseling with borrowers shows they would have extreme difficulty meeting loan conditions.

The amount of rate reductions will depend on customers' financial conditions and the extent of damage they incurred, officials said.

Some banks are also considering allowing borrowers to refinance existing loans under new low-interest terms.

Think Tank Predicts Earthquake To Boost Economy

OW2401143695 Tokyo KYODO in English 1411 GMT 24 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO—The earthquake in western Japan last week will have a minus effect on the domestic economy in fiscal 1994 that ends March 31 but will be a plus factor in fiscal 1995 amid growing demand for reconstruction of the devastated area, an economic institute said Tuesday [24 January].

According to the Cosmo Securities Economic Research Institute, the gross domestic product (GDP) will drop by about 0.4 percent in the January-March quarter of fiscal 1994 or annualized 0.1 percent as economic activity will be slowed by the damage to factories and transport systems.

The minus economic effect could continue into summer 1995. Later, however, demand of about 8 trillion yen could be generated from the need to reconstruct the public infrastructure, leading to a 0.5 percent rise in the GDP for fiscal 1995, it said.

Articles Berate Government Over Earthquake

OW2401000295

[FBIS Editorial Report] Tokyo SANKEI SHIMBUN in Japanese, on page 2 of its 21 January morning issue, carries a unattributed 750-word article: "Burst of Criticism Against the Government's Way of Dealing With the Earthquake."

The article begins by disclosing that at a 19 January meeting of the Deregulation Study Committee (chaired by Deputy Cabinet Secretary Sonoda) of the government, one member after another from the private sector severely criticized the government's way of dealing with the earthquake that occurred in southern Hyogo Prefecture, saying: "The prime minister failed to deal with the earthquake in a timely manner. Problems stemmed from the bureaucratic sectionalism of government ministries and agencies."

The article notes the statement made by Keio University Professor Haruo Shimada at the 19 January meeting of the committee and quotes him as saying: "The prime minister failed to deal in a timely manner with the earthquake that occurred in southern Hyogo Prefecture. When President Clinton offered assistance, the prime minister simply said to the president that the former would ask for assistance if necessary. Under the situation where relief supplies were not sent to victims of the earthquake, if the government used the operational deployment capabilities of the Self-Defense Forces (SDF) and U.S. Forces in Japan, it would have been able to transport speedily the relief supplies to the needy in quake-hit areas. What is for the Japan-U.S. Security Treaty?" The article also quotes Oric Corporation President Yoshiaki Miyauchi as saying: "What did the government do at the time? The SDF and fire fighters did nothing for two days since the earthquake hit southern Hyogo Prefecture."

After quoting remarks made by two other members at the 19 January meeting of the committee, the article quotes Chuo University Professor Hiroaki Kaizuka as saying: "Bureaucratic sectionalism exists in the Japanese administration. If an unusual situation occurs, ministries say we can do something to a certain extent, but not beyond." The article notes his statement made at the 19 January meeting that "the Japanese administration, clinging to bureaucratic sectionalism, is unable to deal with any crisis."

Tokyo ASAHI SHIMBUN in Japanese, on page 1 of its 23 January morning issue, carries a unattributed 750-word article: "The Function of the Prime Minister's Official Residence Will Be Strengthened To Prepare For Emergencies."

The article begins by noting that "there was some confusion in the government's handling of the earthquake." Saying that the government decided on 22 January to boldly strengthen the function of the prime minister's official residence in order to enable it to deal quickly with emergencies, including earthquake-related disasters, the article says, "the government decided to do that on the basis of its perception that the primary cause for the delay in the government's responses to the earthquake was the individual handling by each ministry and agency of information collection and personnel dispatch for rescue and relief work."

Discussing specific ways to boldly strengthen the function of the prime minister's official residence, the article says, "The idea is surfacing of staffing the Cabinet Security Affairs Office in charge of handling disasters with more officials and bolstering its authority, and of creating an agency charged exclusively with handling emergency cases."

The article notes that the prime minister has acknowledged the need to boldly strengthen the function of his official residence and quotes him as saying to a group of reporters at his official residence on 22 January that "we have to think of what needs to be done. We have to discuss the details of what needs to be done."

The article says that Chief Cabinet Secretary Kozo Igarashi, speaking on a 22 January NHK program, stated: "There is an argument for strengthening the function of the prime minister's official residence. The United States has the Federal Emergency Management Agency (FEMA). We will study how other nations have been managing information and dealing with emergencies."

Tokyo NIHON KEIZAI SHIMBUN in Japanese, on page 2 of its 23 January morning issue, carries a unattributed 700-word article: "The Government Is Under Fire For Its Failure To Deal Properly With the Earthquake in Southern Hyogo Prefecture."

The article concerns rescue and relief activities carried out by the SDF and the Defense Agency (DA).

The article notes that "faced with an outburst of criticism that the government was slow in deploying SDF personnel to the quake-hit areas and it deployed only a small number of SDF personnel," the SDF and DA are responding to the criticism by saying: "We were not reluctant to deploy the SDF members. We are now doing our best to rescue lives and restore losses in the disaster areas."

The article points out that "the SDF and DA are deeply agonizing at a time when the government's crisis management system is being questioned."

After lengthily discussing difficulties facing SDF members in carrying out their rescue and relief work, the article notes that "it is undeniable that the mood has existed in Japan against openly mobilizing SDF personnel for rescue and relief work in disaster areas because of legal restrictions." Noting that "personnel of the Ground Self-Defense Force started rescue and relief work in Kobe City at one o'clock on the afternoon of the day when the earthquake occurred," the article, citing an analysis, says, "Whatever the reason, the personnel were slow in starting the rescue and relief work. They were supposed to have fully started the work earlier under the law in effect."

The article also quotes some officials within the SDF and DA as saying: "It is an iron rule that a large number of SDF personnel should be mobilized for rescue and relief work from the beginning of big disaster. The SDF and DA will not be criticized for mobilizing such a large number of SDF personnel."

Post-Earthquake Political Scene Analyzed

OW2401071795 Tokyo KYODO in English 0619 GMT 24 Jan 95

["News Focus" by Takehiko Kajita]

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO—When the massive earthquake hit western Japan last week, it destroyed buildings, railways and highways and killed thousands of people, but it also brought about a reverse in the current of Japan's tumultuous politics.

The quake gave a weighty jolt to Prime Minister Tomiichi Murayama's Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ], which had been on the brink of a disastrous split.

As Japan's top political leader, the 70-year-old Murayama has expressed grief and worry about the consequences the deadly quake leaves. On the other hand, the quake may have inadvertently held his party together.

Without the occurrence of the quake, the SDP would have undoubtedly split and posed a serious threat to Murayama's hold on power.

A group of 24 mutinous SDP legislators led by former SDP Chairman Sadao Yamahana had planned to quit the SDP's parliamentary bloc and create their own as a giant leap forward inaugurating a fresh splinter party.

Although the New Democratic League (NDL), as Yamahana's group calls itself, notified the SDP leadership of its members' leaving of the SDP's parliamentary bloc, its strategy soon disappeared as the seriousness of the earthquake swept through the political community.

Yamahana shortly had to give up his group's scheme to launch a new parliamentary bloc prior to the opening of the ordinary Diet session last Friday [20 January], implying a de facto acceptance of a "cease-fire" with the party leadership.

This salvaged Murayama from the imminent crisis of his seven-month-old administration, because a prolonged truce would keep the rebel group from quitting the SDP and thereby enable Murayama to remain at the helm of government.

"In any event, we had better focus our attention on the quake for the time being," said former SDP Secretary General Hirotaka Akamatsu, a senior NDL member.

The unexpected visitation also appears to have solidified the tripartite coalition government due to the urgent need to cope with the aftermath of the catastrophe.

Contrastingly, opposition Shinshinto (New Frontier Party) has lost its chance, at least for now, to drive the governing alliance into a corner as a mood for cooperation between the ruling and opposition camps dominates the political arena.

With the aim of snatching power from the Murayama government, Shinshinto had looked to seize the opportunity of the SDP's internal fray to take the offensive against the ruling coalition from the outset of the current Diet sitting.

While the governing bloc is seeking to proceed with Diet debate on the fiscal 1995 national budget as a means of assisting the victims of the quake, the opposition party formed in December is not in much of a position to differ.

As a result, the possibilities of an early general election have quickly faded with the public eye fixed on ways to help rebuild the quake-stricken area in and around the port city of Kobe.

Still, the vulnerability of Murayama's grip on power remains unchanged.

With the crucial unified local elections and the House of Councillors poll slated for April and July respectively, the SDP is certain to become the epicenter of another political earthquake.

As SDP Secretary General Wataru Kubo states the party leadership should not shelve the question of the Yamahana group's secession from the SDP's parliamentary bloc for long, the feud within the party is likely to be revived soon.

"We must draw a conclusion in the not so distant future," Kubo said.

The independent movement of Yamahana's NDL is intended for its members survival in the next general election expected to be held by the end of this year under a fresh electoral system combining single-seat constituencies with proportional representation.

The NDL aims to inaugurate a splinter party before the local elections in April as a prelude to its good showing in the general poll. It also needs to develop into a new party so it can form a partnership with shinshinto over electoral cooperation.

"Our plan to launch a new party before the unified local elections remains unchanged," Akamatsu said. "We have to make a final decision in February at the latest."

While Shinshinto is keeping an eye on the NDL's move for a possible tie-up, Yamahana's rivals within the SDP sound sanguine.

"It is totally impossible to form a new party before the unified local elections," said an SDP official who is a staunch supporter of Murayama.

'Takemura Bashing' May Prompt Sakigake Moves

OW2101082695 Tokyo SHUKAN DAIYAMONDO in Japanese 14 Jan 95 p 15

[FBIS Translated Text] Finance Minister Masayoshi Takemura, who just compiled the general account budget for FY95—amounting 70.98 trillion yen—"the first decline" in 40 years, has greeted the most difficult year ever, one which may determine the future of the coalition government of the Liberal Democratic Party (LDP), the Social Democratic Party of Japan (SDPJ), and Sakigake (Harbinger), according to Takemura's close aides.

Takemura, who left the governorship of Shiga Prefecture for the post of a dietman, is in his third term in the House of Representatives. He has played an important role in every turning- point of the political alignments since the summer of 1993. At the birth of the LDP-SDPJ-Sakigake coalition government, he was hailed as the most likely successor to Prime Minister Murayama.

However, Sakigake's significance has faded due to the "harmony between the LDP and the SDPJ," and the environment surrounding Takemura has changed completely. Ever since mysterious documents concerning Takemura's scandals were circulated through Nagata Cho in the fall of 1994, "Takemura bashing" by both the ruling and opposition parties has become conspicuous.

Concerning the actual situation of this bashing, a reporter in charge testifies: "The LDP's cabinet ministers began 'Takemura bashing' almost at the same time as the mysterious documents were circulated. A certain influential cabinet minister, critical of Sakigake's overactivity concerning administrative reform issues, made sarcastic remarks to Takemura: 'Carry out the administrative reform at your own expense.' Another cabinet minister, who hates to go to the finance minister's office and bow to Takemura, 'applied considerable pressure' so that compilation of the budget could be done at the prime minister's official residence."

It is said that behind such treacherous bullying lies distrust and jealousy against Takemura, who knows very well how to get along in the political world.

The LDP's leading and veteran Diet members, who have gone through the many hardships of an opposition party, cannot tolerate Takemura's quick transformation: No sooner had Takemura become chief cabinet secretary of the non-LDP administration by abandoning the LDP than he split the non-LDP administration, and worked to assume the post of prime minister.

Takemura may have sensed such an atmosphere, for he made a concession by letting cabinet ministers hold prior budgetary negotiations at the prime minister's official residence. However, it is inevitable that Takemura will receive severe criticism as the LDP and the SDPJ come closer to each other.

Consequently, Takemura's close aids have begun to whisper: "The time is just around the corner when Sakigake should move at the risk of the significance of its existence." Just what is the secret plan to be worked out by Takemura for a third political alignment?

* Editorials Critical of Shinseito, Ozawa

* Threat to Political Reform

952B0058A Tokyo ASAHI SHIMBUN in Japanese 17 Nov 94 p 5

[Editorial: "Was Shinseito a Political Party?"]

[FBIS Translated Text] Shinseito [Japan Renewal Party] opened a national representatives conference in place of its party convention on 16 November and decided to disband and formally participate in the new-new party to be formed on 10 December.

Despite its disbandment, Shinseito is sure to reset itself as the largest faction within the new-new party and assume a big role as its nucleus, and there is no change in the fact that it is such an presence that we cannot take our eyes off its direction.

It is still fresh in our memory that the former Hata faction dared to split the former Takeshita faction, which had formed the nerve center of the power of the Liberal Democratic Party [LDP], and fulfilled the role of an engine in political restructuring.

This action constituted a major contributing factor in crushing the 1955 political system characterized by the LDP's one-party rule and in establishing the Hosokawa coalition regime. Shinseito's exploits which mark an epoch in postwar history well deserve our high praise.

However, it was degraded into the status of an opposition party through the frustration of both the Hosokawa and Hata governments and the birth of the LDP-Social Democratic Party of Japan [SDPJ]-Sakigake [Harbinger] coalition government, and this later course represented a bitter history for Shinseito.

It is also an indisputable fact that Secretary General Ichiro Ozawa, the party's virtual leader, wrote tricky action scenarios and led the vanguard when a series of these political changes took place.

Therefore, summing up Shinseito's activities of one year and five months directly links to assessing Mr. Ozawa's political activities, and it cannot but be pointed out that the "crimes" as well as the "contributions" resulted mostly from Mr. Ozawa's high-handed political style.

Shinseito stood in the vanguard of political reform, calling for the realization of policy-oriented party politics, and contributed to enacting four political reform laws centering on the introduction of the small constituency system. Nevertheless, we are still extremely doubtful that Shinseito has really oriented itself toward fresh and vivid party politics and practiced it.

This is symbolically evidenced by the fact that the 16 November national representatives conference which decided on the party's disbandment was the first and last "party convention" for Shinseito.

It must be abnormal for a party that has a strength of 76 members in the lower and upper houses to have failed to hold a party convention in a year and a half. As a party, how did Shinseito discuss and decide specific annual political guidelines? In the case of Shinseito, its policy-making process was extremely opaque.

In daily turbulent political conditions, countermeasures and policies are often decided in an expedient and flexible manner, but even in such a case it is a minimum requirement for democratic party operations to go through discussions at an emergency executive session, etc.

This is exemplified in the formation of the parliamentary group "Kaishin," which touched off the SDPJ's defection from the coalition government and also in the support of former Prime Minister Toshiki Kaifu when an election was held to nominate the prime minister. As to the decision to support Kaifu, Mr. Ozawa's high-handed political style went so far that Shinseito's leading members "were surprised to hear the decision for the first time through television immediately before a lower house plenary session convened to hold the election for the nomination."

Mr. Ozawa's high-handed political style is an exact reprint of the Tanaka-style political method in which former Prime Minister Kakuei Tanaka's intentions were the largest Tanaka faction's intentions and also spelled out the LDP's final decisions. His style represents an old-fashioned political method that is entirely incompatible with the "new party politics."

If the party operation or method is such that "there is Ozawa but no party" and it is wholly applied into the new-new party, the doom of the new-new party is a foregone conclusion. Shinseito has to use its disbandment as a chance to voluntarily summate and liquidate its past activities in a clear-cut manner before forming the new-new party.

Otherwise, Shinseito may easily dwarf and nip in the bud not only the prospect of the long-awaited new-new party, but also political restructuring itself, which is expected to bring about new political order with the 21st century near at hand.

* 'Hopeless' as Reform Party

952B0058B Tokyo MAINICHI SHIMBUN in Japanese 16 Nov 94 p 5

[Editorial: "What Has Shinseito Left Behind?"]

[FBIS Translated Text] Shinseito, which has existed for a year and five months since its formation, held its first and last national representatives conference on 16 November. The conference was a "party-disbanding assembly" poised toward the formation of the new-new party.

Shinseito has lived for a short time and, viewing its contributions and mistakes all mixed together, the party has exhibited its impressive existence for good or for ill.

First, let us cite its "contributions."

After all, its forceful activism, with which it split the Liberal Democratic Party [LDP] and founded a new party, deserves special mention. In order to maintain power, the LDP had never split, no matter how fierce a struggle it was engaged in. After it was formed in 1955, the LDP did not undergo such a collective defection except for the amateurish Shinjiyu [New Liberal] Club.

The move to support Mr. Morihiro Hosokawa, who was merely the leader of a minority party, and open the way for a non-LDP coalition government was also taken on the initiative of Shinseito. The change of regime was thus realized after a lapse of 38 years and the era of the coalition government started for the first time in a long while. Undoubtedly, a tense atmosphere stemming from the fear of the unknown thus newly prevailed in politics.

However, the party also committed not a few "faults."

In June 1993, while appreciating the significance of the party's formation, our editorial enumerated the following apprehensions:

1. The party was born amid a power struggle over the successor to the LDP's Takeshita faction, and so it is feared that the party will end up in a power game in the future as well.

2. The party cannot advocate real reform without searching its own soul and admonishing itself with regard to the money- and faction-oriented structural habits of politics.

3. The party's ideals are not clear and will limit the party's latitude if they are left as they are.

4. It is feared that the party will have a "dual power structure" in which Tsutomu Hata is the party head only in name.

Unfortunately, after a year and a half, almost all of these apprehensions seem to have proved right.

First, in the everyone's eyes, Secretary General Ichiro Ozawa continuously seemed to hold the real power rather than Hata, chief of the party. It was Mr. Ozawa who led the Hosokawa and Hata governments through his alliance with Komeito Secretary General Yuichi Ichikawa commonly called the "Ichi-Ichi line."

Party authority indulged in overconfidence time and again:

The national welfare tax plan, which weakened the Hosokawa government at a stroke; the cabinet reshuffle plan, which aimed at removing Chief Cabinet Secretary Masayoshi Takemura; the formation of a parliamentary group during the Hata government which resulted in antagonizing the SDPJ; a vote to nominate the prime minister in which the party turned to supporting former Prime Minister Toshiki Kaifu at the last moment. All these operations overly reflected power games and ended in failures.

While in power, the party became enthusiastic about establishing connections with business organizations and bureaucrats and attempted to build the same links among "politics, officialdom, and industry" as those in the LDP era. The color of "reform" in the slogan faded. The party also attached importance to the distribution of the cabinet posts to form its centripetal force, showing no difference from the position of the former LDP. If this is responsible for what we consider to be a lack of vitality in Shinseito ever since it let go of power, it is hopeless as a "reform party."

Mr. Ozawa frequently showed a challenging attitude toward the mass media, but with the formation of the new-new party near at hand he has been showing noticeably tender moods these days.

Nevertheless, though admitting that "the source of power is the people, the supreme rulers," he also says that "politics is, after all, a struggle for power." This indicates that he is not searching his soul much regarding a series of failures he made. Power is entrusted by the people, and so its use requires prudence.

Shinseito has thus far lacked discussions in the lower echelons, and we wonder why the representatives conference held with much effort failed to include a forum for "debate" in its schedule. Now is the very time for party members, including local members, to candidly exchange their long-cherished thoughts and put their learning to practical use within the new-new party.

Concerning the new-new party, opinions appear to be divided also within Shinseito as to whether Mr. Hata will be proposed as party head and whether weight will be given to Mr. Ozawa's inauguration as secretary general. Politics can not be carried out with personal characters and images alone; equally, it cannot be carried out with power alone. On this point, too, we would like to hear honest discussions by those members so that we can know what judgments they have in this regard?

Official on Japan's Need To Develop New Industry

OW2201044695 Tokyo YOMIURI SHIMBUN in Japanese 19 Jan 95 Morning Edition p 9

[Interview with Tomio Tsutsumi, administrative vice minister of the Ministry of International Trade and Industry, by unidentified YOMIURI SHIMBUN reporter; place and date not given]

[FBIS Translated Text] [YOMIURI SHIMBUN] Japan's leading industries such as automobiles and household electrical appliances have the lost competitive strength that they once had. What do you think about this?

[Tsutsumi] I think that we have lost the leading industry that could pull the whole Japanese economy as would a powerful locomotive. But, we could have more locomotives. I think that in the future, Japan's economy will be led by several strong industries, not only one.

[YOMIURI SHIMBUN] Is it only a temporary condition that we do not have a leading industry?

[Tsutsumi] I think it is something structural. I could first cite the yen's appreciation caused by the Japan's huge current account surplus as one of the structural factors. The second is the so-called megacompetition era brought about by the end of the Cold War and the industrialization of developing nations. Developing nations are now able to produce, at a lower cost, the same goods that the industrialized nations produce. As a result, changes have been made in the international demand and supply framework, and a revolution in pricing has been observed worldwide. The third is the disparity in productivity among domestic industries—the factor that has been overlooked because Japan's economy has so far kept expanding. Compared to industries which engage in trade and which do business at an exchange rate of one dollar to 100 yen, the productivity of industries which don't engage in trade and which do business at the rate of one dollar to 200 yen is low. This dual structure makes everything expensive in Japanese society.

[YOMIURI SHIMBUN] Industrial hollowing out is becoming a more serious problem. What do you think about this?

[Tsutsumi] Some people like or dislike this phrase—industrial hollowing out. But it is true that such a phenomenon has been taking place. As for measures to cope with it, the Ministry of International Trade and Industry has promoted a plan to expand economic frontiers in addition to current account surplus cuts and price slashing by deregulation. Our goal is to produce new employment opportunities by establishing new industries that can meet the needs of an industrialized nation based on the techniques of an industrialized nation. The Industrial Structural Council, with the same objective in mind, last June pointed out 12 potential industrial areas such as the environment, information, and housing.

[YOMIURI SHIMBUN] Do you mean that these 12 areas will become the next leading industries?

[Tsutsumi] Not necessarily. The council merely pointed out areas that could create more demand in Japan in the future. Some people blindly say that the computer industry should be developed because it is a promising one. But it is an export-oriented viewpoint we have taken so far. What we have to do now is to improve the basis of markets in which increasing demand is expected and to ease regulations that hamper the improvement of such markets.

[YOMIURI SHIMBUN] What you said sounds considerably different from Japan's industrial policy to date.

[Tsutsumi] As for our industrial policy, Japan has merely emulated other industrialized nations such as the United States for the past 50 years since the end of the war. But Japan is now on the front line. One of the possibilities for Japan's surviving in the international market is to make the types of demand that exist only in Japan the world's types of demand. I have no interest in guessing which area will become the next leading industry.

Domestic Auto Production Continues To Fall

OW2401092995 Tokyo KYODO in English 0604 GMT 24 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO—Japanese automakers produced 10,554,119 automobiles domestically in 1994, a drop of 6.0 percent from a year before, the Japan Automobile Manufacturers Association (JAMA) said Tuesday [24 January].

The 1994 figure represented the fourth consecutive yearly decline for Japanese automakers' domestic output, the industry body said.

A JAMA official linked the continuing decline mainly to slumping consumer spending amid the still-lethargic economy as well as faltering exports being buffeted by the yen's appreciation against the dollar. The stronger yen pared down exports' competitiveness overseas, the official said.

In 1994, exports posted an 11 percent drop, extending auto export declines for the ninth straight year, while domestic sales showed a tiny 0.9 percent gain for the first yearly rise in four years, the industry body said in its preliminary statistics.

The official also attributed the sagging exports to Japanese automakers' strategy of moving production overseas to cushion the impact of the stronger yen on export earnings.

Of the 1994 total output, passenger cars accounted for just below 80 percent, standing at 7,801,317, down 8.2 percent from a year earlier, while output of trucks expanded 2.2 percent for the first yearly rise in six years to 2,703,690, he said.

In December alone, Japan produced 863,393 automobiles, the third consecutive monthly rise, up 9.4 percent from a year before, the industry body said.

Of the December total, passenger cars accounted for 638,471 vehicles, up 5.9 percent for the first upturn in 21 months, and output of trucks jumped 20.5 percent to 221,193, JAMA said.

Domestic sales in the month came to 490,264, up 4.9 percent from the corresponding month a year before and exports are estimated to have expanded 9.2 percent, it said.

Passenger car sales acco?unted for 316,071, up 1.1 percent from a year before, trucks 173,142, up 12.4 percent and buses 1,051, up 15.5 percent, it added.

Trails U.S. in Production

OW2401100895 Tokyo KYODO in English 0907 GMT 24 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO—Japan fell behind the United States in domestic auto production last year for the first time in 15 years, with

Japanese production marking a fourth straight decline, industry figures showed Tuesday [24 January].

Domestic production slid 6.0 percent for the year to 10,554,119, the Japan Automobile Manufacturers Association (JAMA) said.

That puts the nation's output behind that of the U.S., which churned out some 12,357,000, a 13.5 percent jump, as the American economy steamed ahead and Detroit's Big Three automakers increased competitiveness of their products.

Japanese domestic production this year is expected to inch up, with domestic sales rising but exports continuing to sink, a JAMA official said, "it will be difficult to pass the U.S. again."

Domestic sales edged up 0.9 percent after three years of decline as the economy started to recover and consumers yielded to pent-up demand to replace older cars, officials said.

But output remained depressed by an increasing switch to overseas production and a high yen-induced 11 percent drop in exports, the ninth straight fall, they said.

For the year, domestic passenger car production fell 8.2 percent to 7,801,317 as minivehicles, with engine displacement up to 660 cc [cubic centimeters], rose 5.0 percent but subcompacts, at 661-2000 cc, dropped 14.4 percent, JAMA said.

Truck production broke a five-year falling streak, edging up 0.9 percent to 2,703,690 as domestic sales rose 2.2 percent but exports slumped on the higher yen, the industry group said.

Excluding truck makers Hino Motors Ltd. and Nissan Diesel Motor Co., Japan's nine other automakers saw domestic production fall in 1994.

But December's domestic production marked the third month of gains from year earlier levels, rising 9.4 percent to 863,393, JAMA said. Passenger car production marked the first upturn in 21 months, rising 5.9 percent to 638,471 vehicles, while trucks jumped 20.5 percent, the seventh straight rise, to 221,193.

Domestic sales rose 4.9 percent from a year before in December to 490,264 and exports rose an estimated 9.2 percent, JAMA said. Passenger car sales were up 1.1 percent to 316,071, trucks up 12.4 percent to 173,142 and buses up 15.5 percent to 1,051, the association said.

North Korea

ROK's Attempts To Apply 'Sanctions' Denounced

SK2401041495 Pyongyang KCNA in English 0408 GMT 24 Jan 95

["Undisguised Confrontation stance of S. Korean Puppets"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA)—The South Korean puppets recently blared that "sanctions against North Korea will continue," according to a radio report from Seoul.

This, another unpardonable challenge to the North by the puppets hoping for "sanctions" of outside forces against it, has kindled nationwide indignation.

Their utterances have revealed their foolish attempt to try again to have the outworn "sanctions" levied on the North to prevent the practical implementation of the agreed framework between the Democratic People's Republic of Korea and the United States.

They have also fully laid bare the true color of the puppets, who do not want to see the implementation of the DPRK-U.S. agreed framework for a fundamental solution to the nuclear issue in the Korean peninsula but persistently seek "sanctions" and pressure.

The fact brings into bolder relief the falsity of "North-South reconciliation and cooperation" which the traitor Kim Yong-sam has cried for entering the new year.

His advertisement of "North-South reconciliation and cooperation" is nothing but a despicable trick to veil the confrontation stance of the puppets, who are persistently trying to have "sanctions" taken against the North.

Though the Kim Yong-sam group is attempting again to have "sanctions" taken against the North, while rendering the situation of the Korean peninsula strained, it is a foolish act.

The South Korean bellicose elements must stop running wild, clearly mindful that curses, like chickens, come home to the roost.

ROK 'Scheme' To Build Nuclear Dump Decried

SK2401043095 Pyongyang KCNA in English 0423 GMT 24 Jan 95

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA)—Mass rallies denouncing the scheme of the South Korean puppet clique to build a nuclear waste dump near the North side were held in Ongjin and Taetan Counties, South Hwanghae Province, on January 22 and 23.

Speakers at the rallies said if the South Korean puppets dump nuclear waste in Kulop Islet, the sea off South Hwanghae Province will turn into a "sea of death", inflicting big disasters on the people.

They said the traitor Kim Yong-sam has caused nuclear damages in South Korea and, as if it were not enough, is scheming to expand its harm to the northern half of Korea. They condemned the traitor Kim Yong-sam as a hooligan ignorant of international law and without blood of the nation and elementary human conscience.

They unanimously warned that if the Kim Yong-sam clique dare turn the Kulop Islet into a nuclear waste dump, defying our people's repeated protests, it will be held wholly responsible for all the consequences arising therefrom.

DLP Conflict Likened to 'House Going to Ruin'

SK2401045395 Pyongyang KCNA in English 0439 GMT 24 Jan 95

["Death Symptom of Puppet Regime"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA)—NODONG SINMUN today comments on the sly behaviour of the Kim Yong-sam group as regards the declaration of Kim Chong-pil to resign from the post of the "chairman of the Democratic Liberal Party [DLP]" of South Korea.

The news analyst says:

It is none other than Kim Yong-sam who compelled Kim Chong-pil to declare his resignation. But he was cunning enough to mumble that he "felt regretful." Such thing can be said only by the foxy traitor Kim Yong-sam.

The traitor Kim Yong-sam let his henchmen put pressure on Kim Chong-pil on all sides in order to ostracize him. This was an operation to bind him hand and foot and expel him from the political theatre.

When Kim Chong-pil expressed his will to resign, Kim Yong-sam lost no time in taking such follow-up steps as introducing a "system of acting chairman". Yet they had the cheek to show "regret." This is like beating one on the back and caressing his chin.

The South Korean public says that it is the traitor Kim Yong-sam who felt relieved with Kim Chong-pil's expression of the will to resign and his act is something in the nature of causing illness and then administering medicine.

Now the "DLP" has been driven into a serious crisis of explosion by the dog fight for power. This is the death symptom of the Kim Yong-sam puppet regime. Fights are frequent in a house going to ruin.

ROK Naval Commanders' 'War' Meeting Denounced

SK2401080395 Pyongyang Korean Central Broadcasting Network in Korean 1221 GMT 23 Jan 95

[Commentary by Yun Pyong-son: "The Warmongers' Criminal Attempt"]

[FBIS Translated Text] According to reports, the South Korean puppets held a major Naval commanding officers' meeting on 21 January. At the meeting they set up and announced the puppet navy's basic policy for this year and the so-called seven major tasks to proceed with.

The puppets set up the establishment of a complete combat readiness posture and improvement of their three-dimensional operations capability as the 1995 basic policy, as well as set up the implementation of globalization tasks, the upbringing of picked troops, the establishment of a complete combat posture, and the accomplishment of active Naval activities as major tasks to proceed with. It is needless to say that this is a trick [sujak] to strengthen their preparations for a war of northward invasion.

As everyone knows, the puppet navy has rapidly been reinforced in recent years. According to Japan's ASAHI SHIMBUN, the puppets' maritime war capability surpasses that of the British Navy in its number of warships. They are now pushing ahead with a plan to possess more submarines than Japan. Still unsatisfied with this, the puppets are going to further strengthen the puppet navy's combat ability, stressing the need to establish a complete combat readiness posture, to improve their three-dimensional operations capability, to bring up picked troops, and so on.

This plainly shows the traitorous Kim Yong-sam clique's criminal attempt to pursue North-South confrontation and war this year, too, as they did last year, running counter to the trend of the times and the national aspiration.

The 50th anniversary of the division of the country and the nation by outside forces falls in this year. All fellow countrymen in the North, the South, and overseas lived in the painful national division for half a century. They have vigorously launched into the grand march for reunification to open a turning phase for the fatherland's reunification by all means this year.

Now is the time to remove military confrontation and create an atmosphere favorable for peace and peaceful reunification. However, far from abandoning the anachronistic idea of confrontation, the traitorous Kim Yong-sam clique is all the more frantically engaged in maneuvers to invoke a war of northward invasion in a bid to realize its ambition to reunify the country by defeating communism through war.

The South Korean puppets' frenzied engagement in maneuvers to invoke a war of northward invasion is shown simply by a few facts—the fact that they sharply increased this year's war budget [chonjaeng yesan] over last year's; are emitting gunsmoke smell, firing guns haphazardly around the Military Demarcation Line; and are straining the situation by waging war exercises against their fellow countrymen everyday in collusion with outside forces.

The Kim Yong-sam ring is indeed a group of vicious warmongers who only pursue fratricidal war, with no regard to either the trend of the times or the national aspiration for peaceful reunification. The Kim Yong-sam ring is the very ringleader that threatens the peace and security on the Korean peninsula by aggravating tension.

With the Kim Yong-sam ring, warmongers who only dream of a war of northward invasion, as it is, the nation will not be able to avoid the disaster of war, to say nothing of the peaceful reunification of the country.

The puppet Kim Yong-sam clique is faced with a serious power crisis, and is being abandoned by the people. It is trying to find a way out of the crisis in military adventure [kunsajok mohom] against fellow countrymen.

At a time when military leaders have made a series of bellicose outbursts since the beginning of the year, such as an order to assume an outstanding combat readiness posture [choegodoui chontu taebi taese] and to be on the alert, the puppet navy plotted a war scheme [chonjaeng moui] and set up and announced an adventurous basic policy and major tasks with which it will proceed. This is no accident.

The Kim Yong-sam ring, which continues to pursue North-South confrontation and war, will face stronger denunciation and opposition from people at home and abroad, and this will hasten its ruin.

Foreign Groups Urge Abolition of ROK's NSL

SK2401052495 Pyongyang KCNA in English 0450 GMT 24 Jan 95

[FBIS Transcribed Text] Pyongyang, January 23 (KCNA)—The abolition of the "National Security Law [NSL]" and the demolition of the concrete wall, stumbling block in the way of Korean reunification, were demanded in foreign countries.

The United Republican Party of Guyana said in a statement that the concrete wall existing in the area south of the Military Demarcation Line of the Korean peninsula for 15 years has artificially divided the Korean nation and as long as the concrete wall remains, the Korean reunification can not be accomplished.

Saying that the abolition of the NSL and the demolition of the concrete wall will certainly bring Korean reunification, the statement called upon all the peaceloving people of the world to raise the voices demanding the abolition of the NSL and the demolition of the concrete wall.

The Anti-Imperialist Youth Union of Mali said in a statement that the concrete wall built in the area south of the Military Demarcation Line across the Korean peninsula is a symbol of national division. It expressed full support to the struggle of the Korean people for the demolition of the concrete wall and the independent and peaceful reunification of the country.

The Madagascar-Korea Friendship Association urged the South Korean authorities to pull down the concrete wall and abolish the NSL at once so that the Korean people can retake national dignity, achieve reconciliation and unity and realise the common desire for future.

The Pakistani paper PAKISTAN pointed out that the concrete wall is a physical barrier of denying the homogeneity of the Korean nation, opposing reunification and blocking the political and military trust and the concrete wall should be pulled down for national reunification.

The Zairean paper UMOJA said that today the concrete wall is a shame of humankind and the South Korean authorities must pull down the concrete wall, a symbol of division.

Paper Notes 'Spread of Social Vices' in ROK

SK2101052395 Pyongyang KCNA in English 0429 GMT 21 Jan 95

["Symptom of Downhill Turn"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 21 (KCNA)—A lieutenant of the South Korean puppet Army recently broke into a bank in Seoul in broad daylight and robbed a large amount of money of it by threatening its clerks with the weapon and was nabbed while running away.

Commenting on this, a NODONG SINMUN analyst today says:

This is a symptom of the downhill run of the Kim Yong-sam regime which can no longer support itself, with the society corrupt to the core because of the spread of social vices by the traitor who is mad for power and money.

Noting that the traitor Kim Yong-sam, after taking office, has outdistanced all others in committing power-backed scandals, legally misappropriating the "national fund," the analyst continues:

With the "president" behaving as the chieftain of corruption, a long string of scandals, namely, "Yulgok Project" [military modernization project] scandal, pinball business scandal and "money envelop in the National Assembly" scandal, have been committed by the privileged clan of the puppet ruling quarters.

And now even officers of the puppet Army on the active list spill out to the society and commit bank robbery with rifles in broad daylight.

The "president" at the top and "public servants" and officers in lower echelon engage themselves in theft, swindle and robbery. Whither is the South Korean society drifting and how can the people survive there query too shocking the misfortune spelled by the Kim Yong-sam traitor clique to the South Korean society is. [sentence as received]

The flame of the struggle of the people to remove the Kim Yong- sam puppet clique and topple the "civilian government" will rage fiercer in South Korea.

Ministry Notes U.S. Implementation of Agreement

SK2401143695 Pyongyang Korean Central Broadcasting Network in Korean 1308 GMT 24 Jan 95

[FBIS Translated Text] On 24 January, a spokesman for the DPRK Foreign Ministry issued the following communique [podo] in connection with the United States taking measures to implement the DPRK-U.S. agreed framework [kibon habuimun].

According to the DPRK-U.S. agreed framework, which was adopted on 21 October 1994 as the first step toward implementing the agreed framework, the United States is supposed to take measures by 21 January 1995 to lessen [wanhwahanun] trade and investment barriers, including the supply of 50,000 tons of heavy oil to our side, and to lift restrictions on communications services [tongsin pongsa] and financial settlement [kumyung kyolje].

Accordingly, the United States transported 50,000 tons of heavy oil to (Sondok) Port in our country, dividing it into two separate shipments in the Chinese tanker (Taegyong)-94 and the Liberian tanker (Lark Lee) on 17 and 19 January 1995, respectively; they completed the unloading by 23 January.

In the meantime, on 20 January the U.S. State Department announced a first-step measure to lessen trade and investment barriers [muyok mit tuja changbyogul wanhwa hagiwihan chot tangyeui chochi], including permitting the use of U.S. banking systems in lifting the freeze of assets [chaesan] and the settlement of accounts [korae chongsan] of our country; permitting transactions in telephone and telegraphic services [chonhwa mit chonsin pumun]; permitting the use of credit cards during travel; and resolving problems standing in the way of implementing the DPRK-U.S. agreed framework [chomi kibon habuimun ihaengeso kolligo innun monjedure taehan haeje].

U.S. 'Warmongers' Denounced for Aerial Exercise

SK2401114995 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 21 Jan 95

[FBIS Translated Text] According to a military source, on 20 January the U.S. imperialist warmongers conducted an aerial war exercise aimed at a northward invasion, with the skies over South Korea's Oeyon Islet, Kongju, and Pyongchang as their operational stage.

Mobilized in this provocative war exercise were assault aircraft, pursuit assault aircraft, and electronic jamming aircraft flown from U.S. Pacific bases, as well as some 260 aircraft of various types from the U.S. Seventh Air Force based in South Korea and the puppet air force.

This powder-reeking war exercise, which was conducted with an EA- 6 electronic jammer, was aimed at waging a surprise attack on targets deep in the northern half of the republic.

A KC-135 refueling tanker, which took off from an overseas base simultaneously with this war exercise, flew over the West Sea off Sosan and inspired a war fever, refueling some 30 fighters which were flying around in the aerial war exercise in the skies over this area.

This reveals that although the U.S. imperialists rave about peace and relaxation of tensions on the Korean peninsula, they have not discarded their ambitions for a northward invasion.

Religionists, Scholars Depart for U.S. Visit

SK2401102795 Pyongyang KCNA in English 1018 GMT 24 Jan 95

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA)—A DPRK delegation of religionists and scholars led by Chang Chae-chol, chairman of the Korean Consultative Council of Religionists and chairman of the Central Committee of the Korean Association of Roman Catholics, left Pyongyang on January 24 for a visit to the United States.

It was seen off at the airport by Pak Tae-ho, chairman of the Central Committee of the Korean Buddhist Federation and vice-chairman of the Korean Consultative Council of Religionists.

Overseas Groups Support New Peace Mechanism

SK2401102295 Pyongyang KCNA in English 1010 GMT 24 Jan 95

[Spelling of names and Nepalese newspaper as received]

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA)—The world public fully supports the new peace mechanism proposed by the Democratic People's Republic of Korea to remove the military confrontation and the danger of a new war and ensure a lasting peace and security in the Korean peninsula.

Govind Narain Srivastava, secretary general of the Asian Regional Institute of the Chuche Idea, said the United States has systematically violated the provisions of the Armistice Agreement, contrary to its obligation as a signatory to the agreement, and paralyzed even the armistice supervisory mechanism.

A radio of Russia said the ghost of the most sanguinary war after World War II is still floating on the Korean peninsula. "Facts show that if peace and security are to be ensured on the peninsula, it is imperative to establish a new peace mechanism," it said.

The Laotian paper PASASON stressed that the DPRK's overture for a new peace mechanism is a very appropriate proposal for a durable peace and security in the Korean peninsula.

The Nepalese paper JANMABHUMI said the issue of a new peace mechanism should be resolved between North

Korea and the United States, which was a belligerent party and holds all the operational control in South Korea.

N.F. Mkandika, member of the National Executive Committee of the Revolutionary Party of Tanzania and chairman of the Coastal Regional Committee of the party, said the step taken by the DPRK is very useful for the peace and security not only of the Korean peninsula but of the Asia-Pacific region.

The Zimbabwean National Committee for the Study of the Chuche Idea and the Zimbabwe-Korea Solidarity and Friendship Association in a joint statement said the DPRK's overture for a new peace mechanism enjoys full support not only from the Korean people but from the world peaceloving people.

The Central Committee of the Organization of Workers of Mozambique in a statement urged the United States to unconditionally accept this just proposal of the DPRK. "We will keep tabs on the U.S. attitude towards this realistic proposal," it said.

Japanese Company Delegation Leaves Pyongyang

SK2101095095 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 17 Jan 95

[FBIS Translated Text] Yoshiyuki Oe, chairman of the S.B.B. Company, Limited of Japan and his party returned home via air on 17 January.

The guests were seen off at the airport by Yi Song-ho, vice chairman of the Korean Society for Cultural Relations With Foreign Countries.

Russian Communist Party Congress Greeted

SK2401045195 Pyongyang KCNA in English 0435 GMT 24 Jan 95

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA)—The Central Committee of the Workers' Party of Korea sent a message of greetings to the 3rd Congress of the Communist Party of the Russian Federation on January 21.

The message expressed the conviction that the Congress would make a big contribution to the party activity to firmly build it organisationally and ideologically and revive socialism in Russia.

The message expressed the belief that the relations of comradely cooperation between the two parties would grow stronger and develop in the future on the basis of the principle of independence and the idea of socialism and sincerely wished the Congress great success in its work.

'Anti-Imperialist Independent Forces' Praised

SK2401102195 Pyongyang KCNA in English 1004 GMT 24 Jan 95

["Crafty Move To Strangle Anti-Imperialist Independent Forces"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA)—NODONG SINMUN today throws a revealing light on the crafty moves of the imperialists to strangle the anti-imperialist independent forces by every conceivable means and methods.

The paper says in a by-lined article:

The imperialists scheme to totally destroy socialist countries with the strategy of "peaceful transition."

This is literally a vicious anti-communist strategy to turn socialism back to capitalism by "peaceful means" and convert the whole world into a yellow world.

The imperialists persistently work to break the people's faith in socialism, paralyse their revolutionary consciousness and disunite the socialist countries.

Meanwhile, they tighten as never before "sanctions" and "blockade" against the countries holding fast to the banner of socialism. This is aimed at creating a political and economic confusion in those countries.

One of their crafty methods for blocking the advance of the anti- imperialist independent countries is to urge them to introduce "multi-party system" and "democracy" and "defend human rights."

Through ideological and cultural poisoning, the imperialists scheme to destroy the consciousness of independence of the people and reduce them to slaves.

Intervention under the pretext of "settlement" of disputes as a very crafty method of the imperialists to attain their dominationist purpose.

The imperialists are now directing the sharp edge of their attack to the nonaligned movement, a powerful anti-imperialist independent force of our time. They try to divest it of its unique features and principles of the movement and make it a nominal one as a purely economic body.

The peoples of the progressive countries must pool their strength and smash the imperialists' move to strangle the anti-imperialist independent forces.

Foreign Leaders on Koreans Defending Sovereignty

SK2101230195 Pyongyang KCNA in English 1505 GMT 21 Jan 95

[FBIS Transcribed Text] Pyongyang, January 21 (KCNA)—Heads of government and party leaders of different countries praised the Korean people defending the sovereignty of the country when they met the Korean ambassadors to their countries. Chitta Bash, general secretary of the Central Committee of the All-India forward Bloc, admired the Korean people who are vigorously carrying forward to completion the cause of the great leader Comrade Kim Il-song and firmly defending the sovereignty of the country under the wise leadership of the great leader Comrade Kim Chong-il.

Congolese Prime Minister Joachim Yhombi-Opango extended congratulations to His Excellency Kim Chong-il, the supreme leader, who is successfully carrying forward the cause of His Excellency President Kim Il-song by wisely leading the whole party, all the people and the entire Army and expressed the belief that the Korean people would certainly achieve the independent and peaceful reunification of the country. Simon Compaore, general secretary of the Organisation for People's Democracy-Labour Movement of Burkina Faso, hoped that the Workers' Party of Korea and the Korean people would win great achievements in all undertakings under the wise leadership of the great leader Comrade Kim Chong-il this year and that the relations between the two parties and the two countries would develop to a new, higher stage.

Leon Nzokene, general secretary of the Congolese Socialist Party, said that all the victories won by the Korean people were results of the wise guidance of the great leader Comrade Kim Chong-il, the successor to the chuche cause started by his excellency the great President Kim Il-song and a great master on politics, economy, military affairs, culture and diplomacy. Siale Bileka Silvestre, prime minister of Equatorial Guinea, said it was a great inspiration to the progressive people of the world for the Korean people to resolutely defend their dignity and sovereignty under a complex situation today.

"This is possible because the Korean people are guided by His Excellency Kim Chong-il, an outstanding statesman and the supreme leader," he said.

Foreigners Express Solidarity With Pyongyang

SK2101053695 Pyongyang KCNA in English 0452 GMT 21 Jan 95

[FBIS Transcribed Text] Pyongyang, January 20 (KCNA)—Solidarity messages came from foreign parliament and figures in support of an appeal to parliaments and politicians of different countries adopted by the Standing Committee of the Supreme People's Assembly of the DPRK last year on the lapse of 15 years since the former military dictators of South Korea built the concrete wall.

The National Assembly of Burundi stated that the disgraceful concrete wall built by the South Korean authorities, the only product of the cold war era in the world, must be demolished for Korea's reunification.

Jean Pierre Ngambi, general secretary of the Communist Party of Cameroon, said his party strongly demands the removal of the concrete wall, an obstacle to Korea's reunification.

Jorge Raso Arrasco, general secretary of the Latin American Institute of the Chuche Idea and Chairman of the Peruvian National Association for the Study of the Chuche Idea, said that the South Korean authorities' act of keeping the concrete wall cannot be tolerated. All your friends of the world hope the concrete wall will be pulled down and Korea's reunification be realized at an early date, he added.

Friendship Gathering Marks India's Founding

SK2401041795 Pyongyang KCNA in English 0403 GMT 24 Jan 95

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA)—A friendship gathering was held Monday on the day of the Republic of India.

Invited there were Indian Ambassador to Korea Adya Nand Jha and his embassy officials.

Chu Song-il, chairman of the Central Committee of the General Federation of Trade Unions of Korea and chairman of the Korea-India Friendship Association, and other officials concerned were present.

The participants in the gathering had a talk, deepening friendly feelings.

Central Committee Greets Guyanese Party Leader

SK2101103195 Pyongyang KCNA in English 1013 GMT 21 Jan 95

[FBIS Transcribed Text] Pyongyang, January 21 (KCNA)—The Central Committee of the Workers' Party of Korea sent a message of greetings today to Cheddi Jagan on his reelection as general secretary of the Central Committee of the People's Progressive Party of Guyana.

The message said his reelection shows that he enjoys support and trust from the Central Committee and the members of the party.

The message expressed the belief that the excellent relations of friendship between the two parties and the two peoples would continue to strengthen and develop on good terms and wished him fresh success in his work for the strengthening of the party and the prosperity of the country.

South Koreans Wish Kim Chong-il Good Health

SK2201102095 Pyongyang KCNA in English 0959 GMT 22 Jan 95

["Good Health of Great Leader Kim Chong-il is Supreme Desire of Nation"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 22 (KCNA)—A streamer carrying best wishes for a long life in good health to the great leader Comrade Kim Chong-il was hanging on the wall of a building in Taeyon-tong, southern district, Pusan, on the early morning of January 1, greatly moving the passers-by, according to the Seoul-based radio Voice of National Salvation quoting an information of the Pusan City Committee of the South Korean National Democratic Front.

Written in the name of the Patriotic Youth Society on the streamer three metres long and 50 centimetres wide were:

"The good health of the great leader Kim Chong-il is the supreme desire of the nation. Let us all straighten ourselves and make a New Year's bow to him this morning, wishing him longevity.

"The great leader Kim Chong-il, a great man produced by heaven who has literary and military accomplishments on the highest plane, is establishing peace in the world. To him, the nation owes its dignity and a bright future of a unified country, passion of love of the 70 million Koreans for the country. Let us all accelerate the reunification movement, upholding the reunification policy of the great leader Kim Chong-il this year designated as the year of reunification."

Tokyo Meeting Extends Thanks to Kim Chong-il

SK2401042195 Pyongyang KCNA in English 0412 GMT 24 Jan 95

[FBIS Transcribed Text] Tokyo, January 23 [date as received] (KNS-KCNA)—A meeting for extending thanks to the great leader Comrade Kim Chong-il for the 129th remittance of educational aid fund and stipends was held in Tokyo by the Japan-resident Korean educators, scientists and Koreans studying at Japanese school on January 21.

Present there were Ho Chong-man, chief vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), and Kim Su-chin, director of the Department of Education of the Chongnyon Central Standing Committee.

In his report at the meeting, the chairman of the Union of Korean Teachers in Japan, Pak Kwang-taek, extended the greatest glory and most heart-felt thanks to the great leader Marshal Kim Chong-il who always leads the Koreans in Japan to a road of victory and glory and shows all paternal love and solicitude for the strengthening and development of the democratic and national education of the Koreans in Japan.

Stressing the need to carry out the teachings of respected General Kim Chong-il to the letter, he said: "Let us all display patriotism, bearing deep in mind our noble mission for the motherland and the nation, thereby live up to the warm love and solicitude shown by respected General Kim Chong-il."

Speeches were made at the meeting.

A letter to Comrade Kim Chong-il was adopted at the meeting.

Kim Chong-il Receives Thanks From Chongnyon

SK2101052195 Pyongyang KCNA in English 0424 GMT 21 Jan 95

[FBIS Transcribed Text] Tokyo, January 19 [date as received] (KCNA)—The great leader Marshal Kim Chong-il received a message of thanks on January 19 from the participants in a central meeting of the General Association of Korean Residents in Japan (Chongnyon) held to express thanks to him for his message of sympathy to the compatriots residing in the Hyogo area of Japan hit by an earthquake.

In the message they say the deep sympathy and condolences shown by respected Marshal Kim Chong-il to the Central Standing Committee of Chongnyon and the Koreans of the stricken area and the bereaved families give thousand-fold strength and courage to unflinchingly withstand any sorrow and loss to all the Koreans in Japan including the compatriots who suffered big losses in human lives and materials in a strong earthquake this time while walking the road of patriotism, overcoming all the hardships and sufferings in an alien land.

They expressed the resolution to fully recover from the quake damages as soon as possible and normalize the activities of the Chongnyon organisations and the life of the compatriots in the affected area by fully displaying warm compatriotic feelings and the traits of mutual help among the 700,000 Koreans in Japan, thus allievating the concern of respected Marshal Kim Chong-il and repaying his deep benevolence with loyalty.

Birthday of Kim Chong-il Celebrated Abroad

SK2401042995 Pyongyang KCNA in English 0420 GMT 24 Jan 95

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA)—Functions have taken place in different countries to celebrate the birthday of the great leader Comrade Kim Chong-il (February 16).

The Peru-Korea Institute of Culture and Friendship and the Peruvian Committee for Supporting the Independent and Peaceful Reunification of Korea set the period from January 17 to February 16 as a month of celebration of the 53rd birthday of Marshal Kim Chong- il and decided to hold colorful political and cultural functions with different political parties and social organizations.

An opening ceremony of the month was held at the building of the Left Revolutionary Union of Peru on January 17. Addressing the ceremony, Angel Castro Lavarello, chairman of its national executive committee and chairman of the Peru- Korea Institute of Culture and Friendship, said: "It is our great honor, joy and obligation to significantly celebrate the birthday of Comrade Kim Chong-il, the teacher and leader not only of the Korean people but of the world revolutionary people."

A seminar was held by the Harare, Zimbabwe, centre for the study of the chuche philosophy on the subject "Respected Comrade Kim Chong-il Is a Great Man Who Triumphantly Guides the Socialist Movement," while DPRK film shows and photo exhibition were arranged at the Ministry of Education of Ghana and the press club of the Lagos State Council of the Nigerian Journalist Union.

Kim Chong-il Receives Greetings From Abroad

SK2401041695 Pyongyang KCNA in English 0401 GMT 24 Jan 95

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA)—The great leader Comrade Kim Chong-il received messages of greetings on the new year from 'Umar Hasan Ahmand Al-Bashir, President of the Republic of the Sudan; Mary Eugenia Charles, Prime Minister of the Commonwealth of Dominica; Narayan Man Bijukchhe, chairman of the Central Committee of the Nepal Worker-Peasant Party; Niranjan Govind Vidya, President of the Central Committee of the United People's Front of Nepal; Samboram Shrestha, Secretary General of the Central Committee of the Nepal Communist League; and Abderrahmane Tlili, Secretary General of the Unionist Democratic Union of Tunisia.

The messages wish Comrade Kim Chong-il good health and a long life and express the belief that the Korean people will make great achievements in the accomplishment of the socialist cause under his wise leadership.

People's Studio Produces Art on Kim Chong-il

SK2401045895 Pyongyang KCNA in English 0444 GMT 24 Jan 95

[FBIS Transcribed Text] Pyongyang, January 23 (KCNA)—The Korean People's Army art studio has produced a large number of works of art depicting on a high ideological and artistic plane the undying feats and leadership traits of respected supreme commander Comrade Kim Chong-il.

Over 50 successful paintings were created last year alone. Among them are many works representing the immortal exploits of Comrade Kim Chong-il in his tireless efforts to strengthen and develop the People's Army into invincible revolutionary Armed Forces and the rock-firm faith and will of the soldiers determined to lay down their lives for him.

Typical of them are the posters "Long live General Kim Chong-il, the ever-victorious, iron-willed brilliant commander!", "Led by you, we will win", "Let us become a loyal crystal upholding respected supreme commander" and "Let us reunify the country at any cost under the leadership of respected supreme commander General Kim Chong-il".

The poster "Led by you, we will win" stirs the people for its vivid representation of the unshakable faith of the People's Army officers and men that led by General Kim Chong-il, they are not fearful of any formidable enemy and will always emerge victorious.

Attracting particular attention from the People's Army officers and men are the Korean painting "Feeling Greatest Joy in Finding Himself Among Soldiers" and the oil "Among A-Match-for-a Hundred Soldiers on Forefront" portraying the tender image of Comrade Kim Chong-il who always finds himself among People's Army soldiers with vigorous, beautiful and graceful strokes.

The artists of the studio are now working with redoubled vigor to create many more works depicting the immortal feats and the greatness of the great leader Comrade Kim Chong-il by the forthcoming 50th anniversary of the foundation of the Workers' Party of Korea (October 10, 1945).

Pukchang Coal Mining Complex Achieves Innovations

SK2001221095 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 18 Jan 95

[FBIS Translated Text] The functionaries and coal miners of the Pukchang District Coal Mining Complex have recently been achieving innovations in coal production with high spirits, while vigorously turning out to uphold the party's intention reflected in the joint editorial, which has been carried in the NODONG SINMUN.

Thanks to their self-sacrificing labor struggle, more coal has been produced in only ten days recently, compared with the corresponding period of last year. In particular, the (Chenam) and (Changan) coal mines have achieved success in mining about 10,000 tonnes of more coal—in the recent ten days alone—than the corresponding period of last December.

The functionaries and coal miners at the (Hoean), (Namyang), and (Inbo) coal mines, too, are overfulfilling daily plans by concentrating their efforts on mining coal and operating trolleys and coal trucks at full capacity.

Port Workers, Technicians Overfulfill Jan Goal

SK2101094895 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 19 Jan 95

[FBIS Translated Text] As of 18 January, the workers and technicians at Chongjin port brilliantly overfulfilled the January plan of freighting goods by 122 percent.

Since the beginning of the new year port functionaries have visited various ships to explain the contents of the joint editorial carried in NODONG SINMUN and to personally solve pending issues, thereby actively encouraging the workers and technicians.

In conformity with the heightened resolve of the masses, one staff member meticulously carried out the economic organizational work so shipping and unloading facilities could be operated at full capacity. As a result, 1.8 to 1.9 times more cargo were freighted in the port daily, on average, compared with the corresponding period of last year.

Supung Power Plant Workers Overfulfill Plans

SK2101132995 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 21 Jan 95

[FBIS Translated Text] The functionaries and electricity generating workers of the Supung Power Plant—who have set out on a march of the new year, overfulfilled with faith and enthusiasm in victory—are fiercely kindling the flames to increase electricity generation.

The electricity generating workers of this plant are now achieving innovations in overfulfilling the daily electricity generation plans by over 110 percent, while operating every power generating facility at full capacity.

Wiwon Power Plant Workers Overfulfill Plans

SK2401110995 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 22 Jan 95

[FBIS Translated Text] According to a news report filed by station reporter (Choe Hun), party members and workers of the Wiwon Power Plant, who are vigorously accelerating the new year's march and who are filled with new confidence and enthusiasm, have now been continuously achieving innovations in electricity generation.

Electricity-generating workers at electricity-generating workshops are overfulfilling daily electricity generation plans by 110 percent by checking on the facilities in a foresighted manner; by operating equipment at full capacity; and by operating electricity generators in conformity with technical standards, with standard regulations of operation, and with the rock-firm conviction that "what the party decides, we will do!"

In particular, workers at the minor repair workshop are doing the necessary repair work on a timely basis, with both responsibility and the revolutionary spirit of self-reliance and fortitude, while thoroughly establishing the system of preventive repair of electricity generating facilities.

Party members and workers at the structure workshop are actively contributing to increasing electricity generation while meticulously establishing the system of repairing the structure, of including water intake drainage, and of taking countermeasures to make the most of every drop of water, as a result securing more water.

Kyongamsan Export Plant Overfulfills Daily Plans

SK2101104095 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 19 Jan 95

[FBIS Translated Text] With the great pride and dignity of working in a glorious workplace, to which the great leader [yongdoja] of our party and people Comrade Kim Chong-il has paid a personal visit, the functionaries and workers of the Kyongamsan export clothing plant have been achieving unprecedented successes in production since the beginning of the new year.

They, who exceedingly overfulfilled the battle plan of the first day of the new year, are normalizing the production at a high level by overfulfilling daily plans by over 135 percent.

The workers of all shifts and all workshops under Nos. 1 and 2 sewing workshops are achieving innovations every day by introducing new apparatuses with which they can increase the productivity by 1.4 to 1.5 times more than before, while increasing the quality of products to the highest level.

Ponghwa General Bureau Succeeds in Export Goods

SK2401115195 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 22 Jan 95

[FBIS Translated Text] The companies and plants under the Ponghwa General Bureau, which are adding spurs to the general onward march of the new year with firm confidence while upholding the party's trade-first policy, are achieving further success in producing export goods.

The workers of those companies and plants are overfulfilling their daily plans by operating their equipment at full capacity with the enthusiasm and spirit with which they overfulfilled last year's goal of producing export goods at 165 percent as compared with the corresponding period of the previous year, while turning the greatest sorrow of the nation into a thousand times as much strength and courage.

Export Goods Plants in Nampo Overfulfill Plans

SK2101104195 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 19 Jan 95

[FBIS Translated Text] Since early this year, the producers of export goods in the Trade Management Bureau of Nampo City, who have vigorously turned out while upholding the party's trade-first policy, have been normalizing the production of export goods.

The functionaries and workers of the nonferrous metallurgical plants in Nampo are reasonably reforming the production process, and are dealing with a large quantity of raw materials by making concentrators and ore crushers with their own strength, with the single-heartedness to effect a new turn in the people's livelihood by decisively increasing the production of export goods.

The workers of the plant where Comrade Kim Yong-ho is working, too, have recently achieved a proud success in fulfilling 12 percent of the monthly plan in only two days recently, while repairing and maintaining all facilities in conformity with technical standards, and operating them at full capacity.

The Nampo Export Goods Processing Office, too, are overfulfilling the daily plans by 170 percent by mobilizing and utilizing reserves, securing a sufficient supply of raw materials, and operating the machines at full capacity.

Nungnado General Trade Corporation Introduced

SK2101053595 Pyongyang KCNA in English 0448 GMT 21 Jan 95

[FBIS Transcribed Text] Pyongyang, January 20 (KCNA)—The Nungnado General Trade Corporation is playing a big role in the development of the local industry and the improvement of people's standard of living.

The corporation exports varieties of popular light industrial products and agricultural and local products.

Founded in June 1973, the corporation has a number of factories including the Moran exports processing factory and the Hyongjesan export garment factory and overseas companies and branch offices.

Its products are popular for their wide variety and high quality.

In keeping with the growth of foreign demands, the scale of the corporation and the scope of its activities have expanded.

The variety of its exports has increased from over 20 to more than 100 kinds over the past 20 years or more. Its export volume has jumped 100 times or more.

This year, the corporation will export more products in line with the trade-first policy of the Workers' Party of Korea.

Middle School Named After Revolutionary Fighter

SK2101103095 Pyongyang KCNA in English 1010 GMT 21 Jan 95

[FBIS Transcribed Text] Pyongyang, January 21 (KCNA)—The Hoeryong Senior Middle School in Hoeryong city, North Hamgyong Province, was renamed Kim Ki-song Senior Middle School, according to a decree of the Central People's Committee of the Democratic People's Republic of Korea dated January 18.

Kim Ki-song, born into a revolutionary family in Hoeryong, was a boy revolutionary who took part in the anti-Japanese revolutionary struggle together with Comrade Kim Chong-suk, an indomitable communist revolutionary fighter, and performed heroic feats.

He warmly loved the country and the people, creditably carried out every revolutionary task assigned to him by the organisation, and died a heroic death after saving the people of a guerrilla zone by displaying self-sacrificing spirit. He was a model and paragon for the members of the anti-Japanese children's corps.

South Korea

U.S., North Officials Agree on Fuel Rod Storage

SK2401013695 Seoul KBS-1 Radio Network in Korean 0100 GMT 24 Jan 95

[FBIS Translated Text] An authoritative ROK Government official has reported that the United States and North Korea have agreed to the so-called dry storage method in concrete of the North's spent nuclear fuel rods, and accordingly have already begun relevant work. On 24 January, he said this was decided at the U.S.-North Korean experts' talks, which began on 18 January, to discuss the disposition of the spent fuel rods. He added a group of U.S. technicians had begun fundamental work to store the spent fuel rods using the dry storage method, including conducting an advance check of those rods.

He stated: Officials of the International Atomic Energy Agency have already left Vienna for North Korea to store the rods using the dry storage method. Upon their arrival in North Korea, relevant work will begin in earnest.

'All Technical Issues' Agreed

SK2401050495 Seoul YONHAP in English 0501 GMT 24 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 24 (YONHAP)—The United States and North Korea agreed Monday that they will soon start preparing for dry storage of over 8,000 spent nuclear fuel rods as stipulated in the Geneva framework accord, Foreign Ministry officials said Tuesday.

At an experts' meeting on handling the spent nuclear fuel held from Jan. 18-23 in Pyongyang, the two sides reached agreement on all technical issues related to dry storage of the fuel rods, the officials said.

American experts on disposing of spent nuclear fuel and experts from the International Atomic Energy Agency (IAEA), who flew into Pyongyang Saturday, joined forces in preparing to take the spent fuel rods out of a temporary holding tank in the North, they said.

Under the framework agreement between Washington and Pyongyang, the more than 8,000 spent nuclear fuel rods will be stored in dry concrete for security reasons before being taken out of North Korea for storage in a third country by 2002, when construction of the first light-water nuclear reactor is slated for completion.

The framework accord stipulates that the North will receive two light-water nuclear reactors in exchange for freezing its suspected nuclear weapons program.

It also calls on the North to refrain from reprocessing the spent fuel so the reprocessed plutonium cannot be used in making nuclear weapons.

Metal Storage Tank Made by U.S.

SK2401095095 Seoul KBS-1 Radio Network in Korean 0905 GMT 24 Jan 95

[FBIS Translated Text] A source in Seoul has stated: A metal tank [kumsok yonggi] for dry storage, which was manufactured by a U.S. company to store the spent fuel rods extracted from the 5-megawatt reactor in Yongbyon, is expected to be provided to North Korea soon. During a meeting of experts held in Pyongyang from 18 to 20 January [as heard] regarding the handling of the spent fuel rods, the United States and North Korea agreed to store the extracted fuel rods in a dry storage method, using the metal tank provided by the U.S. company to safely store the rods for a long time.

Approximately $10 million is estimated to be needed to handle North Korea's spent fuel rods, including the cost for dry storage and for their disposition under water [sujung chori piyong]. It has been learned that this amount will be appropriated from the U.S. budget in advance.

Former President Ford on U.S.-North-South Ties

SK2401061895 Seoul YONHAP in English 0615 GMT 24 Jan 95

[FBIS Transcribed Text] New York, Jan. 23 (YONHAP)—Former President Gerald Ford says the United States should not drive a wedge between the two Koreas or permit Pyongyang to spoil Seoul- Washington relations.

Speaking at an annual dinner party hosted Monday at the Hilton Hotel by the Korea Society, chaired by ex-U.S. Ambassador to Seoul Donald Gregg, he pointed out that the communist country has a history of trying to split Seoul and Washington and continues to pursue this goal.

The United States must be careful about rashly withdrawing American troops from Korea to reduce the defense budget, even if the North's intimidation ends, Ford warned.

The stationing of U.S. Army, Navy and Air Forces in Korea is not only designed to protect the South from the North, but is clear evidence of Washington's long-term commitment to preserving peace and freedom in the Asia-Pacific, he stated.

The United States must stay in the region as long as Asian nations desire an American presence, he added.

Financial Institutions Making Contacts With North

SK2401033895 Seoul TONG-A ILBO in Korean 24 Jan 95 p 2

[FBIS Translated Text] While the advance of the ING Bank of the Netherlands into North Korea is being realized at a final stage, ROK banks, too, are trying to realize cooperation with the North Korean side in financial activities.

According to financial business circles on 23 January, since December 1994, ROK banks, such as the Export-Import Bank, the Korea Exchange Bank, the Chohung Bank, the Commercial Bank of Korea, and the Bank of Seoul and Trust Company, have applied to the government for permission to contact North Korean residents.

Among them, the Export-Import Bank and the Korea Exchange Bank have already received government permission, and, as a result, they have been making contacts with North Korean financial institutions through a third country.

As soon as South-North economic cooperation begins in earnest, these banks will establish open accounts to settle the relevant accounts with North Korea; and they are planning to open their branch offices in North Korea on a step-by-step basis while making corresponding arrangements with North Korea.

Trade Group Conducts Poll on Investment in North

SK2401021795 Seoul YONHAP in English 0158 GMT 24 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 24 (YONHAP)—The Najin-Sonbong Free Trade Zone has emerged as South Korean firms' preferred area in North Korea for investment, a recent survey shows.

According to the survey of 550 companies interested in doing business in North Korea conducted by the Korea Trade Promotion Corp. in early January, Najin-Sonbong was cited by 28.3 percent of the respondents as their favored investment area, topping the list of prospective investment spots in the north.

Nampo was the runner-up after being chosen by 25.6 percent of the pollees, followed by Pyongyang with 24 percent, Haeju with 9.4 percent, Sinuiju with 5 percent, Wonsan with 4 percent and Kaesong with 3 percent.

The figures compare with 34.2 percent for Pyongyang-Nampo, 16.4 percent for Panmunjom, 15.1 percent for Haeju and 13.7 percent for Najin-Sonbong found in a similar survey in 1992.

Asked about their initial investment, just half of the respondents replied they would put up less than 500,000 U.S. dollars in the first year and then increase the amount, depending on their business prospects in the North.

Those planning to pour in more than the government-set initial investment ceiling of 5 million dollars accounted for 7 percent, while 24 percent wanted to invest less than 1 million dollars and 19 percent less than 5 million dollars.

As for the source of funds for investment in the North, 41.6 percent cited the government's inter-Korean economic cooperation fund, 27.7 percent company funds and 26.3 percent bank loans.

Asked how they would recover the North Korean investment or use their investment yield in the North, 50 percent replied they would import products made with their investment in the North for sale in the South and 25.6 percent said they would bring the yield on their investment back to the South.

Those planning reinvestment in the North of their investment yield represented 24.4 percent.

As to the aim of investing in North Korea, 35.2 percent cited exports to a third country and 31 percent processing on commission, or processing materials brought from the South into finished products for re-shipment to the South under contract.

Those planning to tap the North Korean consumer market accounted for 18.3 percent, while those looking to invest in developing the North's natural resources stood at 15.4 percent.

Asked about investment method, 43.4 percent preferred joint ventures with North Korean firms and 42 percent 100-percent direct investment. Those planning to set up branch offices in the North stood at 14.5 percent.

Regarding their reasons for investing in North Korea, 58.7 percent cited securing a business bridgehead for future business in the North. Reasons cited by other firms include large profits due to duty-free trade and low North Korean prices and the use of North Korea as a supply base of industrial materials as well as an export industry base.

As for the use of intermediaries in North Korean trade, those favoring China and Hong Kong stood at 28.5 percent, and those aiming to deal with North Korea through overseas branches of South Korean firms and Japan 17.8 percent and 14.2 percent, respectively.

These figures compare with 11 percent for China and 12 percent for overseas branches of South Korean firms in the 1992 survey.

Daily Reviews DPRK's New Trade System

SK2401072895 Seoul HANGYORE SINMUN in Korean 23 Jan 95 p 3

[Article by Kang Tae-ho]

[FBIS Translated Text] What kind of influence will the latest U.S. measure to ease economic restrictions against North Korea exert on North Korea's foreign trade?

From a narrow viewpoint on trade, in addition to the items whose exchange had already been allowed from a humanitarian perspective, the latest measure by the United States merely lifted the ban on direct trade for one item, magnesite. And, some people have pointed out that the U.S. measure fell short of expectations. This notwithstanding, since the United States has eased restrictions which had been imposed [illegible] North Korea over the past 45 years, North Korea's foreign trade is expected to see a new turning point.

According to the Korea Trade Promotion Corporation, North Korea already restructured and merged its organizations involved in its external economic activities in 1992, and has since pushed for "a new trade system" to intensify its foreign trade activities. This "new trade system" has helped various committees such as the External Economy Commission, government ministries and agencies, and local provincial areas, directly establish their own trading companies for various methods and forms of trade with foreign countries. As a result, committees, ministries and agencies, and local provinces which have already taken charge of producing various products will conduct foreign trade directly and assume due responsibility for this. The new trade system can be said to be of significance because this system will be transferring its centralized trade-related authority to its lower echelons. In 1984, when North Korea adopted a decision of the Supreme People's Assembly on the question of intensifying foreign trade with capitalist countries, North Korea's foreign trade was expanded in a limited way to merely strengthen its self-reliant national economy. With the resulting loss of its overseas market following the introduction of the market economy by the former Soviet Union and the East European socialist countries, and the later collapse of the socialist system, North Korea began entertaining the notion that "developing foreign trade is an urgent demand of economic construction."

In this regard,the new trade system is reportedly changing the status of foreign trade in North Korea's entire economy and is systematically buttressing North Korea's export-first strategy. In particular, the "new trade system" has been materialized in such a way as to decentralize and localize trade-related activities.

In principle, all North Korean trading companies are under the supervision of the External Economy Commission of the Administration Council. But, in actuality, each major power organ, including the party headquarters, possesses a trading corporation. For example, the Taesong General Bureau (Taesong Trading Corporation), North Korea's largest trading company, is under the control of the No. 39 Office of the party headquarters' Financial and Accounting Department. Even the Ministry of People's Armed Forces and the National Defense Committee chaired by Secretary Kim Chong-il possess their own trading corporations. While this trading system allowed each trading corporation to exercise a monopoly on the export and import of particular items, under the new trading system, the trading corporations of power organs no longer have a monopoly, and trade is directly linked with the particular plants, enterprises, and cooperative farms that are the sources of production.

Furthermore, in accordance with the new trading system, the External Economy Commission established the Provincial Trade Guidance Bureau and installed trade management bureaus in each province so as to develop export goods that suit the characteristics of each province and to expand production facilities. Since early 1994, the newly established Provincial Trade Guidance Bureau has dispatched working-level trade specialists to each provincial area with a view to developing new export goods and to grasping the actual circumstances of the local provincial area. This effort has resulted in the establishment of production bases of export goods aimed at galvanizing the processing-on-commission trade. A typical example is North Korea's attempts to develop Ongjin County, South Hwanghae Province, which is on the West coast, as a production base for export goods. At the end of last year, NAEWOE News Agency cited the North Korean Government publication MINJU CHOSON, as saying that North Korea was concentrating its efforts on developing production facilities for export goods and determining which export goods would suit the natural and topographic conditions of Ongjin County, which is located near the sea; that North Korea had increased the variety of export goods by five compared to the corresponding period of the previous year; and that it had also increased the production volumof export goods by 1.2 times. In this respect, the new trade system has resulted in galvanizing local province's trade activities, which supplement the "state trade activities" of the central organizations involved in economy and trade. It seems that along with North Korea's galvanization with the civilian-based economic cooperation with South Korea, the latest U.S. measure to ease restrictions against the North will add more speed to such a change which is being effected by North Korea's new trade system.

* Pyongyang's North-South Economic Strategy Noted

952C0039B Seoul MAL in Korean Nov 94 pp 102-105

[By Yi Sok-ki, researcher at Korea Social Science Research Institute]

[FBIS Translated Text]

Limited But Positive Policy of Openness

It is a widely known fact that the ROK Government is the greatest obstacle to North-South economic cooperation. However, when final details are thrashed out to solve the nuclear issue, and the agenda for establishing U.S.-North Korea diplomatic relations looms on the horizon through the current third-stage U.S.-North Korea negotiations, the South Korean Government's policy on North-South economic cooperation is bound to change to a certain degree. When the U.S. economic blockade of North Korea eases somewhat as a consequence of improvements in U.S.-North Korea relations and when Western capital begins to move into North Korea, the South Korean Government will find it difficult to ignore completely the demand of South Korean capital for investment in North Korea, although it would not abandon outright its intention to use North-South economic cooperation as a lever in political confrontation.

On the other hand, there seem to be diverse opinions regarding the North-South economic cooperation strategy of North Korea, the other party to economic cooperation. In particular, there seems to be a fairly large body of opinion that takes a negative view of North Korea's intention for North-South economic cooperation despite its seemingly positive stance toward such cooperation.

This negative view may be divided into two different propositions: one that points out the limitations of North Korea's policy of opening to the outside world, and the other that holds that although North Korea may actively pursue a policy of openness, North-South economic cooperation will fall behind economic cooperation with advanced Western countries in order of priority.

Let us first examine North Korea's policy of opening to the outside world. Subsequent to the policy of openness in the 1970's and that of the 1980's with the enactment of the joint venture law as its centerpiece, North Korea has pursued an active policy of openness since the early 1990's with the designation of the Najin-Sonbong area as a free economic and trade zone and the enactment or a wholesale revision of laws on investment by foreigners.

The current policy of openness is clearly "limited" because it is being pursued in a limited area only, unaccompanied by internal economic reform. However, it is too early to prognosticate the extent of limitations of North Korea's openness policy at this early stage, in view of the fact that in China also, which is regarded as having successfully pushed on a policy of reform and openness so far, the opening was limited to specific areas only, unaccompanied by domestic economic reform, in its early stage. What's more, North Korea's determination to open to the outside world may be corroborated by Kim Chong-il's statement in 1984, the year in which the joint venture law was enacted. He said: "To say that we build a self-sustaining national economy based on the principle of self-reliance is not to say that we build the economy with the door closed." North Korea is pursuing openness by going so far as to modify the concept of the "line of building a self-sustaining national economy" as well as that of "socialist relations of production." Therefore there is ample room for expanding the scope of opening in the future.

Kim Chong-il Regime To Pursue Openness, Economic Reform

Next, let us examine the place North-South economic cooperation occupies in North Korea's policy of opening to the world. To do this, we need to glance at the economic policy line of the emerging Kim Chong-il regime. The general opinion holds that as far as the domestic and foreign economic policies of North Korea under Kim Chong-il are concerned, they will become more and more pragmatic. Kim Chong-il secured technocrats inside the party and the government as his power base, and apparently he has augmented their power in the process of his taking over power since he was designated as heir-apparent. Observers say Kim Chong-il has bolstered the powers of technocrats in the government more than those of party officials.

Given these characteristics, the Kim Chong-il regime is expected to accelerate the process of opening to the outside world in an effort to resolve immediate economic problems because under the circumstances in which it is next to impossible to resolve immediate economic problems by its own efforts alone, the only choice open to the Kim Chong-il regime is a policy of opening to the outside world. Besides, for Kim Chong-il, who lacks his father's charisma, it is necessary to demonstrate his leadership ability by resolving the economic difficulties through opening to the outside world.

The economic reform move in North Korea, which has been observed since the late 1980's in a less clear form than the policy of openness and at a slower pace than the process of opening, is expected to continue. North Korea is pursuing economic reform, though in a limited scope, as illustrated by these measures: a positive recognition of private ownership through a revision of the inheritance law; a partial transfer of the economic decision-making powers to local industries and industrial complexes; and the initiation of a policy of putting emphasis on light industry and foreign trade, although it has produced little visible results so far.

This is to say that while a duality of centralization and decentralization and a mixture of sociopolitical and material motives exists in the North Korean economic system, which is based on the doctrine of "socialist relations of production" and "a self-sustaining national economy," emphasis is gradually shifting to decentralization and material motives.

Needless to say, the latitude and methods of reform and opening that North Korea can choose under the present circumstances are limited in large measure. China is currently pursuing reform and openness only in the economic field under tight party controls, with the opening of the economy and the execution of domestic economic reform proceeding separately in terms of time and space—this "Chinese-style reform and openness" policy will be as far as North Korea can go in its policy options.

Japan, Factor in North-South Economic Cooperation

North Korea would not permit North-South economic cooperation to influence any area other than the economic field. The problem is how the extraneous effects can be shut out. The view that North Korea is not keen about North-South economic cooperation is based on the assumption that when it comes to North-South economic cooperation, North Korea would find it more difficult to contain the effects of its economic cooperation with the South than those of economic cooperation with Western industrialized countries. The attitude of the South Korean Government toward linking economic cooperation to political issues, the nuclear issue among them, may have had something to do with this view.

That assessment seems to have some validity. In fact, despite the worldwide trend away from the Cold War, the Cold War structure on the Korean peninsula has not been completely liquidated yet, and this operates as the most important external restraining factor for North Korea in pushing ahead with openness and North-South economic cooperation. Nevertheless this view cannot fully explain the North Korean strategy on North-South economic cooperation, for it fails to consider another important aspect, namely, the question of whether North Korea will be able to achieve any meaningful result by pursuing a policy of openness with South Korean capital shut out.

North Korea does not have a huge market potential as China does, nor is there much possibility of carrying out a sweeping reform in a short period of time as Vietnam has done. Given this condition, North Korea is not very attractive as an object of investment. Accordingly, as a matter of fact, South Korea seems to be the only country that can make large-scale investment in North Korea in a short period of time. Take for instance the Najin-Sonbong free economic and trade zone into which North Korea is putting everything it has. The program needs about $3.5 billion, and it is no exaggeration to say that South Korea is about the only country that is willing to invest such a large amount of money. In the case of China, overseas Chinese capital in the broader sense of the words, accounted for an overwhelming part of foreign investment in China for a considerable length of time after China began to push forward with opening to the outside world.

Of course, Japan cannot be ignored. In particular, when Japan-North Korea relations are normalized, reparations to the tune of $4 to $5 billion would not be paid in cash in toto, but the bulk of them would be paid in a form of social overhead capital and plants. Private Japanese capital will follow suit to some degree. But there is little possibility that Japanese firms, known for their circumspection in investment in socialist countries, will move their operations to North Korea in earnest with manufacturing firms taking the lead, in the absence of substantive progress in North-South economic cooperation. Japan seems to attach importance to North Korea, not as a potential base of production, but in consideration of its strategic value in the Northeast Asian region. Therefore, it is possible that Japan will give priority to investment in North Korea's railways and other transportation networks in the payment of the reparations, from the point of view of building the infrastructure in Northeast Asia rather than making a large-scale investment in the manufacturing sector in North Korea.

Therefore the view—that North Korea places North-South economic cooperation after economic cooperation with Japan and other Western countries in order of priority for fear of the political fallout of North-South economic cooperation—seems untenable.

South Korean Capital Not To Be Kept Out

However, this attitude of North Korea toward North-South economic cooperation could alter, depending on changes in its relations with the major countries around the Korean peninsula, including South Korea. In fact, there are some signs of change already. Improvements in U.S.-North Korea relations through the third-stage U.S.-North Korea negotiations are bound to facilitate the process of establishing diplomatic relations between Japan and North Korea and accelerate other Western industrialized nations' approach to North Korea, leading to strengthening North Korea's economic relations with them. At this moment, how much capital North Korea can introduce from these countries is an unknown quantity. But considering the fact that one of the greatest obstacles to economic relations between North Korea and these countries has been political problems, there is the possibility that political improvements in North Korea's political relations with Western countries will considerably weaken South Korea's monopoly in investment in North Korea and widen North Korea's latitude in pursuing a policy of opening to the outside world.

If North Korea thinks it impossible to curb the South Korean Government's maneuver to use economic cooperation as a lever in achieving political ends, it would willy-nilly have to make a second-best choice. True, North Korea is having economic difficulties. But it can hardly be said that North Korea's viability has been so weakened that North Korea would collapse unless South Korean capital is introduced in great haste. The presence of China, which wants socialist North Korea to remain stable for the sake of the continuation of its own policy of reform and openness, will work as a force strengthening the sustaining power of North Korea.

Nevertheless there is little chance that such an extreme contingency will happen. Suppose the South Koran Government persists in a gradual and political approach to North-South economic cooperation even when South Korea loses its monopoly in investment in North Korea and Western capital begins to enter North Korea to participate in the Najin-Sonbong area development program, for instance. In this event, most probably there would arise a conflict between the South Korean Government and South Korean capital which is interested in making investment in North Korea. Therefore, it is unlikely that the situation will develop in such a way that North Korea will pursue a policy of openness with South Korean capital shut out.

South's Capital, Good for North's Export Industry

In examining how important South Korean capital is to North Korea's policy of openness and what type of economic cooperation with the South, North Korea will pursue, it is necessary to analyze the argument that "North Korea is in a critical condition." The major signs of the critical condition of the North Korean economy are shortages of daily necessities, energy shortages such as a crude oil shortage, and a food shortage. But at the core of the crisis lies the derangement of North Korea's structure of reproduction, caused by the fall of the socialist economic bloc, as well as the lack of resources and time needed to reorganize its structure of reproduction, in order to survive in the world economy which has been integrated under capitalism. For a reorganization of its structure of reproduction, North Korea urgently needs to modernize and restructure its heavy industry, the mainstay of its economy. North Korea's current policy of opening to the outside world may be interpreted as part of its effort directed at this end. In other words, given the circumstances in which it is impossible for North Korea to restructure its heavy industry and upgrade its technological standards by its own efforts and resources, a major purpose of North Korea's policy of openness is to earn foreign exchange needed to bolster heavy industry by fostering export-oriented light industry and other export industries such as the labor-intensive electric and electronics industries. Needless to say, another purpose in fostering light industry is to meet the shortages of daily necessities, an immediate problem that needs an urgent solution.

In this context, South Korean capital is of great importance. South Korean capital is the most suitable element in North-South economic cooperation in fostering North Korea's light industry and labor-intensive electric and electronics industries in a short period of time. For instance, North Korea can immediately gain international competitiveness in the footwear, textile, and black-and-white TV industries simply by transplanting idling South Korean equipment in the North. The advantage in terms of homogeneity in language and culture is a factor that cannot be ignored in carrying out economic cooperation in labor-intensive industries. South Korean capital is also important in building social overhead capital in the Najin-Sonbong free economic and trade zone.

North-South Cooperation, Beginning of North's Fall?

There is a mixture of expectations and fears that when North Korea pursues a policy of openness in earnest and North-South economic cooperation goes full steam ahead, South Korean capital will gain such an absolute influence that it will ultimately lead to a de facto absorption of the North by the South.

However, North Korea, which holds the line of "a self-sustaining national economy" and "socialist relations of production" as the main pillars of its system, will never permit its policy of openness to bring about its own subjugation to foreign capital, particularly South Korean capital. For now, North Korea has little choice but to introduce South Korean capital. But there is no guarantee that the situation will remain unchanged even when North Korea has a wilder latitude in its policy of openness through improvements in its relations with the United States and by other means. In this event North Korea will find it easier to control the influence of South Korean capital.

Clearly, the latitude of North Korea in controlling opening to the outside world and North-South economic cooperation is limited. It will also be impossible to completely keep out the social and political influence of foreign capital. Nevertheless the expectations and fears that when South Korean capital enters North Korea, the North Korean establishments will collapse from within, are far from sound. North Korea has unceasingly tried opening to the outside world and has taken considerable measures to cope with the possible influence of openness, and is expected to continue to do so in the future.

In a sense, North Korea may be able to receive benefits as a late starter in opening to the outside world. For this same reason North Korea may have chosen the Najin-Sonbong area as an area open to the outside world. Most probably North Korea chose this area to take advantage of the Tumen River development project under the UN Development Program (UNDP). But the fact that the area is North Korea's hinterland may also have been factored into its decision.

The opening and reform of the socialist economy is still in progress. There are different modes of opening and reform, such as the East European and former Soviet models and the Chinese and Vietnamese models. It is difficult to deny that the Chinese-style opening has very rapidly spread the negative side of capitalism to China, but the result is not yet conclusive.

It is impossible to define the possible effects of North-South economic cooperation on North Korea, and the whole of the Korean peninsula for that matter, with lexicographic accuracy because North-South economic cooperation could serve as a momentum for forming a national economic community in the true sense of the term, or on the contrary, could bring about nothing but destructive results, depending on the determination and concrete actions of the North and South Korean partners. That is why North-South economic cooperation cannot be entrusted to the government alone.

'Civilian-Led' Approach to DPRK Considered

SK2401055995 Seoul MUNHWA ILBO in Korean 23 Jan 95 p 1

[By reporter Han Chong-ho]

[FBIS Translated Text] Many people inside and outside the government insist that, as the United States partially lifted economic sanctions on North Korea, it is inevitable to convert the existing "government-led" policy on North Korea into a "civilian- led" one. Acting on this view, the government is considering the introduction of a new policy on North Korea.

In particular, some people suggest that the ROK should actively introduce the "PRC-Taiwan model" characterized by improvement in their relations through civilian exchanges, by utilizing partially or completely liberalized travel, communication, and trade between North Korea and the United States. Coinciding with this, the government is seeking measures to make South-North economic cooperation an axis for improving South-North relations.

However, there are strong voices insisting on the adherence to existing policy because North Korea will never change. Accordingly, conflicts on this issue are expected to last in the government for some time. A government official who asked not to be identified stated on 23 January: "The government has so far adhered to a government monopoly policy similar to its dictatorial economic policy for development [kaebal tokchaesik kyongje chongchaekkwa yusahan chongbu tokchom] regarding its policy on North Korea. In view of developments in recent years, however, this has turned out to be inefficient." He added: "We now need to place our policy making efforts on North Korea under civilian leadership." The official also stated: "Along these lines, Kim Tok, deputy prime minister and minister of the National Unification Board, has recently stressed the need to improve 'practical South-North relations' through South-North economic cooperation." He then added: "Details of government measures will become evident around late February when the second anniversary of President Kim Yong- sam's inauguration is marked."

In fact, following the 8 November announcement of government measures to activate South-North economic cooperation, a series of large business groups sent investment survey teams to North Korea to discuss large-scale investments in North Korea, such as investment in indirect social capital, thus greatly straining the government's plans to limit South-North economic cooperation to the level of a demonstrative project.

The government has decided to form a civilian body for self- imposed control of heated competition among domestic companies over economic cooperation with North Korea. However, the government is faced with the strong insistence that it should accept the reality in which business circles have taken over the lead in pursuing South-North relations.

Some government officials share the view that the government should also amend its attitude of restricting the solution of issues regarding the Korean peninsula to dialogue between the South and North Korean authorities, because they have become international. Consequently, they insist the ROK should expand indirect exchange and cooperation with North Korea through joint ventures in North Korea with U.S. and Japanese companies or through overseas ROK corporations, because we missed the opportunity to improve South-North relations through negotiations between the top leaders of both sides when North Korean President Kim Il-song died.

Daily Assesses DPRK's Opening Up to Tourism

SK2401053895 Seoul HANGUK ILBO in Korean 23 Jan 95 p 5

[By correspondent Yi Sang-u from Washington]

[FBIS Translated Text] North Korea, which seems to have regained self-confidence in maintaining its system as the United States partially lifted sanctions on it, has now begun to open itself up, unlocking the firmly closed door. Following the announcement to open its airspace late last year, North Korea also announced on 9 January that it will allow imports of U.S. commodities and the entry of U.S. ships into North Korean ports. In addition, North Korea allowed former U.S. Ambassador to the

ROK James Lilley, a hard-liner on North Korea, and his group to visit North Korea on 14 January.

North Korea's opening is not limited to U.S. figures. North Korea has begun to beckon to the one million Koreans living in the United States and Canada. With the goal of inviting about 1,000 Koreans in America to visit the Pyongyang cultural and art festival slated for late April, North Korea is now engaged in full-fledged inducement of tourists through travel agencies in the United States. Pro-North Korean compatriots particularly in Los Angeles and New York, which have a large population of Koreans, are actively encouraged to join the Pyongyang festival.

A pro-North Korean living in the United States said: "The project of inducing tourists to the Pyongyang festival is very significant because it indicates that North Korea has decided to open its tourism market." While no one can say outright that North Korea has truly decided to open its tourism door, North Korea's plan to induce foreign tourists, which was obtained recently by HANGUK ILBO, clearly shows that North Korea is focusing on tourism without political color this time.

North Korea has hung a signboard reading "Pyongyang International Sports and Cultural Festival for Peace" for the Pyongyang festival that will last for eight days from 25 April through 2 May.

The Pyongyang festival is sponsored by the Korea-Asia and Pacific Peace Committee and the New Japanese Professional Wrestling Corporation.

The main events of the festival are: professional wrestling and boxing matches between outstanding athletes (May 1 Stadium); Taekwondo demonstration (May 1 Stadium); students' mass gymnastic display (Kim Il-song Stadium); acrobatic performance (Acrobatic Theater); and folk amusements (Mt. Taesong). As indicated by these events, it seems that the festival will be very commercial.

The festival program specifically mentions that tourists may spend their leisure hours at the Pyongyang Bowling Alley (30 lanes) and the Pyongyang Taesong Golf Course (18 holes). So North Korea is recommending that people enjoy sports which they denounce as being capitalist sports.

A Korean in Los Angeles who maintains close relations with North Korea stressed: "The Pyongyang festival is not primarily aimed at producing tourism income, but aimed at demonstrating North Korea's will to open itself up with the recent improvement in relations with the United States as a momentum." Travel agencies assume a tourist will need $4,000 to $5,000 to visit the Pyongyang festival.

It is too early to expect North Korea's inducement of Korean tourists in America to be followed by a rush of visitors to North Korea. According to Korean sources in the United States, however, there are numerous pro-North Korean figures who approach Korean businessmen or leading members of Korean groups in America to suggest that they visit North Korea, and that they "can contact high-ranking North Korean figures" on their behalf.

What interests people in regards to North Korea's opening of its doors to Koreans in America is that North Korea is soliciting Korean businessmen in America to invest in North Korea and is allowing Korean residents in America to visit their relatives in North Korea.

Following its announcement to re-allow visits by Koreans living in America to separated family members in North Korea, which were previously suspended because of the nuclear issue, North Korea has approved applications for visits to North Korea by seven members of the Washington-based Association of Koreans from South Hamgyong Province, including Chairman Chu Nam-hun. In addition, it has been learned that North Korea issued an invitation to four Koreans and one American businessmen in Los Angeles to visit North Korea to survey its investment environment.

Korean businessmen engaged in the garment and clothes-making industries in New York and Los Angeles are particularly sensitive to the U.S. trade embargo against North Korea. A Korean clothes wholesaler in New York said: "It is natural for Korean businessmen in the United States who have import lines in Indonesia and Bangladesh to be interested in investing in North Korea because its cheap labor is well known to business circles."

DPRK 1994 Exports to Japan Reportedly Increased

SK2301014295 Seoul YONHAP in English 0105 GMT 23 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 23 (YONHAP)—North Korea's exports to Japan increased in 1994 from the previous year for the first time in four years, the Korea Foreign Trade Association (KFTA) quoted Japanese trade statistics as saying Monday.

North Korean exports amounted to 31,085 million Japanese yen in the first 11 months of last year, up 19.6 percent from the same period in 1993, according to the statistics.

This marks the first time North Korean exports to Japan have risen since 1990, when they climbed 4.8 percent from the previous year to 43,296 million yen.

The communist country's exports to Japan fell 11.7 percent to 38,243 million yen in 1991, 14.6 percent to 32,676 million yen in 1992 and another 14.5 percent to 27,943 million yen in 1993.

Its exports to Japan continued to drop through last August, then suddenly soared 175.7 percent to 8,030 million yen in September from the same month of 1993.

In October, exports rose 81.7 percent to 3,997 million yen from a year earlier and, in November, gained another 24 percent from the same month in 1993, according to the statistics.

KFTA officials attribute a further increase in North Korean exports to Japan this year to rapid growth in shipments of mushrooms and straw as well as to end products of clothes made through processing-on-commission trade.

Director Interviewed on Light-Water Reactor

SK2401042895 Seoul CHOSON ILBO in Korean 24 Jan 94 p 2

[Interview with Choe Tong-chin, director of the Office of Planning for the Light-Water Reactor Project, OPLWP, by CHOSON ILBO reporters and compiled by Ku Song-chae— first two paragraphs are CHOSON ILBO introduction]

[FBIS Translated Text] On 23 January, Choe Tong-chin, director of the Office of Planning for the Light-Water Reactor Project, OPLWP, which will be in charge of aiding the North's construction of light-water reactors, stated: "The North Korean side, too, knows too well that the light-water reactors will inevitably be ROK-style. I believe North Korea will rationally respond to this."

Director Choe said this in a meeting with reporters after a ceremony to hang the signboard of the OPLWP. In the meeting, he expressed his expectations concerning South-North dialogue. Relevant questions and answers follow:

[CHOSON ILBO] What is the future direction of the OPLWP?

[Choe Tong-chin] Aiding the North's construction of light-water reactors is an important state project which will lead to national unification because it is directly linked with the North's nuclear issue and South-North exchange and cooperation. We will try to maintain the cooperative system between relevant government agencies and also between relevant countries so the project will proceed smoothly under the premise that North Korea implements the U.S.- North agreement reached in Geneva.

The OPLWP will consist of the Policy Coordination Department, the International Cooperation Department, the Financial Support Department, and the Construction Technology Department to carry out aiding the North's construction of light-water reactors.

[CHOSON ILBO] What is the ROK's role in KEDO [Korea Energy Development Organization], an international organization to help the North construct light-water reactors?

[Choe Tong-chin] The ROK, the United States, and Japan have been conducting relevant negotiations over the question of determining the framework and organization of KEDO. We have not yet decided on the number of representatives from each country.

[CHOSON ILBO] How much progress have the three countries made in their negotiations to specify the ROK's central role in KEDO's regulations?

[Choe Tong-chin] In a KEDO meeting held in Tokyo on 19 January, the ROK, the United States, and Japan agreed that the ROK will play a central role in KEDO. We are now discussing how to properly express this agreed matter. In addition, we are conducting final negotiations over the question of determining KEDO's structure and organization.

[CHOSON ILBO] The North side is rejecting ROK-style reactors, is it not?

[Choe Tong-chin] There is no other choice but ROK-style reactors. The North side, too, knows this very well through its negotiations in Geneva. The ROK and Japan are reaffirming this point through several rounds of negotiations. Of course, there will be twists and turns ahead, but I believe that North Korea will rationally react to this, recognizing the reality.

[CHOSON ILBO] When do you think delegates from the South and North will discuss this?

[Choe Tong-chin] It is stipulated that KEDO and North Korea will conclude an agreement on the supply of light-water reactors. As the ROK is stipulated to participate in KEDO as a principal contractor, ROK's role will be important.

Tokyo Government Requests Earthquake Assistance

SK2101083695 Seoul YONHAP in English 0759 GMT 21 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 21 (YONHAP)— South Korea decided to send emergency relief goods to the victims of the Tuesday's killer earthquake, which hit Japan's Kansai area hardest, at the request of the Tokyo government, the Foreign Ministry announced Saturday.

The first batch of 80 tons of the relief goods will be transported to Kobe in the evening Saturday by Boeing 747, the ministry said.

"Japan has accepted South Korea's wish to extend assistances and asked it to send relief food and cooking utensils through the latter's Tokyo Embassy early Saturday morning," disclosed Foreign Minister Kong No-myong, adding that the first relief goods would come from the goods in the country's Red Cross Society's custody.

The four-member government delegation led by Yi Chae-chun, first assistant foreign minister, will also visit Japan in connection with the disaster, Kong noted.

The goods include 1,850 and 6,000 boxes of clear water and instant noodle ramyon, respectively, 1,200 sets of cooking utensils and 3,600 sheets of blankets, the ministry revealed.

They will be flied from Seoul 6:30 P.M., Saturday, to the Kansai International Airport first and then delivered from Osaka to Kobe port by sea, according to the ministry.

Meanwhile, the government plans to send the second batch of relief goods early next year [as received] and make several additional assistances afterwards, officials at the ministry said.

'Unofficially' Accepts Offer

SK2401053795 Seoul YONHAP in English 0510 GMT 24 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 24 (YONHAP)—South Korea has expressed willingness to provide 5 million dollars in relief supplies to Japanese earthquake victims and Japan accepted the offer unofficially, a high-ranking government official said Tuesday.

The offer was conveyed to the Japanese Government by Yi Chae- chun, assistant foreign minister for political affairs, when he visited Kobe City and its vicinity, the area hit hardest by the quake last Tuesday, according to Yi.

Yi delivered about 180,000 dollars worth of relief supplies to Kobe City authorities in the first consignment of South Korean Government aid over the past weekend.

The Seoul government will soon prepare to secure 5 million dollars from the national treasury to finance relief activities for victims of the killer quake, Yi said.

For ethnic Koreans residing in Japan who were affected by the temblor, Seoul has already sent 500,000 dollars to Mindan, an association of Korean residents in Japan.

Korean, SRV Banks Establish Joint Ventures

SK2401065695 Seoul YONHAP in English 0633 GMT 24 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 24 (YONHAP)—The government will positively consider a Vietnamese request for financial support for a waterworks project in the Thien Tan region, the Ministry of Finance and Economy (MFE) said Tuesday.

Deputy Premier and MFE Minister Hong Chae-hyong received Cao Si Kiem, governor of the Central Bank of Vietnam, to discuss the possibility of financial support.

Hong said he will favorably study providing financing worth 26 million U.S. dollars out of the Economic Development Cooperation Fund (EDCF) for the waterworks project in the Southeast Asian country.

The minister also said he will consider allowing Vietnamese banks to advance into South Korea if they so wish.

Kiem praised South Korean policy as well as Korean banks' contribution to development of the Vietnamese economy. He then invited Hong to visit Vietnam.

At present, there are no Vietnamese banks in South Korea and only those banking institutions with assets ranking them among the top 500 banks in the world can set up here. As a result, MFE officials expected that Vietnamese banks would find it difficult to open offices here for the time being.

Meanwhile, Korea First Bank has established a joint venture—First Vina Bank—in Vietnam with Vietcom Bank, while the Export-Import Bank of Korea, Korea Exchange Bank and Shinhan Bank have already set up branch offices there.

Press Reports on WTO Campaign 'Ungrounded'

SK2301033095 Seoul YONHAP in English 0254 GMT 23 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 23 (YONHAP)—The South Korean Government will continue working to help former Trade Minister Kim Chol-su become the first director-general of the newly launched World Trade Organization (WTO), a senior Foreign Ministry official said Monday.

Dismissing as "totally ungrounded" and "absurd" recent press reports that Kim will withdraw from the three-way competition for the WTO post in exchange for the position of deputy director- general and Korea's gaining the right to host the 2002 World Cup, Assistant Foreign Minister for Economic Affairs Son Chun-yong said, "The situation surrounding the competition for the WTO head post is evolving favorably for Trade Ambassador Kim Chol-su."

"We will conduct diplomatic efforts to the last so Kim can be selected WTO chief," said Son, who heads the ministry task force supporting Kim's campaign. "To that end, we have sent Kim to South American countries so he can lobby for the chief WTO post."

Kim has already secured the support of most Asia-Pacific countries, such major African nations as Senegal, Nigeria and Egypt, and most Mideastern States, according to Son.

In order to win the backing of South American countries, which are leaning toward former Mexican President Carlos Salinas in the three-way race, Kim is currently touring Argentina.

Kim will visit Washington around month's end to meet with U.S. Government officials on his WTO bid after winding up his tour of five South American nations.

Latin America Hints Support for WTO Candidate

SK2401021895 Seoul YONHAP in English 0147 GMT 24 Jan 95

[FBIS Transcribed Text] Buenos Aires, Jan. 23 (YONHAP)—The Argentine Government reportedly said Monday it may consider supporting South Korean Trade Ambassador Kim Chol-su's bid to become director-general of the World Trade Organization (WTO) if another candidate drops out of the race.

Foreign Minister Guido Di Tella and Economy Minister Domingo Cavallo hinted to Kim, currently on a tour of five South American nations, that their country would positively consider backing him if former Mexican President Carlos Salinas, one of the three candidates, pulled out of the competition.

Rumors have been circulating that Salinas, who is supported by Caribbean and South American countries, will withdraw his candidacy for the WTO director-general's post to take responsibility for Mexico's current financial crisis.

In an interview with YONHAP news agency, Kim said, "I've heard similar answers from Colombia and Chile, which I visited before coming here. I think I attained my goal on this tour, by gaining positive answers to my request for support in the process of the election despite (the presence of) another candidate, former Italian Trade Minister Renato Ruggiero."

Talk that he will withdraw his own candidacy is totally groundless, Kim added.

"I cannot be sure that the former Mexican president will withdraw but if he does, taking responsibility for the economic crisis, the number of countries supporting South Korea for the post of WTO director-general will increase," he said.

Amb. Kim is scheduled to visit Uruguay and Brazil after Argentina to seek their cooperation in his WTO bid.

UN Ambassador Remarks on Upcoming Agenda at UN

SK2101021895 Seoul THE KOREA HERALD in English 21 Jan 95 p 2, 3

[FBIS Transcribed Text] South Korea's new representative to the United Nations, Pak Su-kil, hinted yesterday that Seoul would oppose Japan becoming a permanent member of the UN Security Council with veto power.

He said Seoul will reserve expressing its formal position until after the completion of the ongoing work to revamp the council's organization.

Pointing out the principle of equality of sovereignty has dominated the operation of international organizations, Pak, however, said, "We will be in a very difficult position if Tokyo pushes to become a permanent Security Council member with veto power."

In a meting with reporters, Pak also said there is a chance Sri Lanka will retreat from its race with Seoul for a nonpermanent seat at the UN Security Council.

"There will be a vivid gap in the competition (in favor of South Korea) by May or June, and it may open the possibility for a compromise," he said.

Pak expected Sri Lanka to pave the way for South Korea, pointing out that there is an increasing voice among Sri Lankans that their government should focus its efforts on securing economic prosperity rather than pursuing non standing Security Council membership.

Pak, who will leave for New York Sunday to assume his new post, said Seoul has obtained support, written or verbal, from over 60 countries in its bid to become a nonpermanent Security Council member for 1996-97.

The 62-year-old career diplomat said however, that Seoul still has a long way to go before being elected to the post at the general meeting of the world body this autumn, indicating that a candidate country should obtain votes from more than two-thirds of the 185 member states.

Pak was eager to emphasize the need for Seoul to join the Security Council.

He said South Korea, which had remained an observer for nearly half a century until it entered the world body in 1992 along with North Korea, could not be satisfied with its role only as a simple member.

"Now is the time that we should assume a greater role on the world stage equivalent to our national power," said Pak, who had headed the Institute of Foreign Affairs and National Security, a research arm of the Foreign Ministry, for two years until his appointment as chief of the Korean Mission at the United Nations earlier this month.

He said that as a country placed in the geopolitically sensitive region of Northeast Asia, South Korea will be able to play a key part in the Security Council.

Pak pledged to try to get employment for more South Koreans at the secretariat of the UN headquarters in New York.

He indicated that as the 17th-largest financial contributor to the world body, Seoul is allowed to fill 20 posts of the UN Secretariat but only half that number are now employed.

Pak emphasized the importance of the upcoming summit of world leaders on social development scheduled for March 12-15 in Copenhagen, Denmark.

He said that the UN-sponsored event will be an occasion to confirm that the main concept of security has shifted from defense of the national territory to "human security," which he said means freeing the people of the world from poverty and social inequality.

President Kim Yong-sam, who plans to attend the summit, will discuss such issues with leaders from other countries as well as seeking their support for Seoul's bid for the nonpermanent membership at the Security Council, Pak said.

Profitability of Exports 'Deteriorated' in 1994

SK2301115595 Seoul YONHAP in English 0829 GMT 23 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 23 (YONHAP)—The profitability of South Korean exports, which had improved for the second consecutive year in 1993, deteriorated last year due to appreciation of the Korean won and rising production costs, the Korea Foreign Trade Association (KFTA) said Monday [23 January].

The KFTA studied the profitability of South Korean exports over the past few years, considering changes in physical distribution costs including those of transportation, storage and cargo work. Physical distribution costs had been excluded from profitability estimates.

Profitability improved 0.9 percent and 2.0 percent in 1992 and 1993, respectively, but deteriorated 1.2 percent last year, according to the KFTA.

The association explained that the increase rate of export prices converted into the Korean won stood at 1.7 percent last year, compared to 3.2 percent in 1993, while that of production costs reached 2.9 percent, up from 1.2 percent the previous year.

The increase rate of export prices rose in U.S. dollars in 1994 from the previous year, but with the strengthening of the Korean won last year, the price increase rate fell in the Korean currency, according to the KFTA.

The high production costs resulted from rising domestic material, labor and financing costs.

The increase rate of physical distribution costs was estimated to have reached 6.0 percent in 1993 but fell to 4.7 percent last year.

The KFTA warned that if export profitability continues to erode, South Korean exporters will have to raise export prices. Consequently, Korean exporters' international competitiveness would weaken and the export increase rate would drop.

* Increasing National Competitiveness 'Priority'

952C0001A Seoul HANGUK KYONGJE SINMUN in Korean 14 Sep 94 p 1

[By reporter Kim Hyong-chol]

[FBIS Translated Text] Those in economic circles agree that for companies to survive in the daily-intensifying international competition, top priority must be given to increasing national competitiveness. To achieve this, they have agreed to take joint action, such as building a system of cooperation for strategic technological development. The Federation of Korean Industries [FKI] held a meeting of the Chairmen's Council on the morning of the 13th in the FKI Conference Center. They decided on this course of action as a result of deliberations on "The Birth of the WTO Regime and Industry's Response Plan." The content of the project which the leaders of the economic sector decided to jointly pursue is as follows:

- jointly establish a globalization strategy;
- build a cooperative system for developing strategic technology;
- strengthen the cooperation of small and medium-sized businesses;
- build cooperative labor-management relationships; develop mature business activities; and
- vitalize economic diplomacy by the private sector.

The Chairmen's Council also agrees to widen ownership diversification by increasing shares and offering them for public subscription, and to eliminate causes of public criticism through independent efforts, such as protecting the environment and contributing to society. To materialize such efforts at self-control by industry, the FKI selected priority tasks that can be accomplished within three years and decided to pursue them beginning next year. Accordingly, the FKI plans to invigorate the existing Basic Leadership Councils [Kijo Silchang Hoewi] of the conglomerate groups, various committees dealing with economic policy, industrial policy, and financial policy, working-level talks, etc. Additionally, the Chairmen's Council decided to hold informal meetings often in order to search for plans to promote harmony in the economic sector, the restoration of credibility toward the government, and cooperation between the government and the private sector. They decided to hold the first meeting early next month under the mediation of Daewoo Group Chairman Kim U-chung. Including FKI Chairman Choe Chong-hyon, ten persons participated in this day's meeting: Hundai Group Chairman Chong Se-yong, Samsung Group Chairman Yi Kon-hui, Daewoo Group Chairman Kim U-chung, Ssangyong Group Chairman Kim Sok-won, Hyosong Group Chairman Cho Sok-rae, Kyongbang Chairman Kim Kak-chung, Tonga Pharmaceutical Chairman Kang Sin-ho, Tongbang Yuryang Chairman Sin Myong-su, and Sanggun Vice Chairman Cho Kyu-ha.

Market for Foreign Language Institutes Opens

SK2301033695 Seoul YONHAP in English 0300 GMT 23 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 23 (YONHAP)—Provincial and city education boards started taking applications Monday for opening language institutes from foreign companies as the market for language teaching was opened to foreigners on Jan. 3.

Seoul, Kwangju, Taejon, Kyonggi, Kangwon, North Cholla, South Kyongsang and Cheju are taking applications from Jan. 23-28 and Pusan, Taegu, South Chungchong and South Cholla from Feb. 2-10.

Some 20 language teaching firms from the United States, the United Kingdom and Japan have already obtained application forms from the Seoul Education Board alone, officials said Monday.

Some U.S. language institutes are reportedly looking into joint ventures with large local institutes.

In addition, the University of California at Los Angeles and other American universities are seeking to open offices in the country, with an eye to setting up their own language institutes next month.

This is considered the start of such American schools' drive to open separate campuses in South Korea after 1996, when the country's higher education market will be opened to foreign educational institutes.

But in Inchon, North Chungchong and North Kyongsang, which stopped taking applications on Jan. 15, not a single application was received.

Under the current rules, foreigners are allowed to invest in one language institute only in a large city or province with their stake limited to a maximum 49 percent of capital stock, which means that the institute must be run by their local partners.

No foreign technical institute has applied to open an institute in the country, though city and provincial education boards began taking such applications on Jan. 3.

But a French design institute which has concluded a joint- investment and technical tie-up deal with a local business group is reportedly thinking of opening a design institute in Seoul.

IAEA Experts Arrive To Assess Project Safety

SK2401004395 Seoul THE KOREA TIMES in English 24 Jan 95 p 3

[FBIS Transcribed Text] Two experts from the International Atomic Energy Agency (IAEA) arrived here yesterday to conduct a technological feasibility study of Kurop Island off the western coast of Inchon as a depot for radioactive waste.

Kurop Island, an almost uninhibited island 65 kilometers west of Inchon Port, was designated last month as the site for a permanent storage depot for the nation's spend fuel.

The Science-Technology Ministry said the IAEA experts, one of whom specializes in geology, will conduct a field study of the island as well as look over the construction plan.

The results of the survey will be revealed in a press conference to be held Thursday in Seoul, ministry officials said.

They said the ministry decided to bring in the IAEA experts to diffuse widespread fears that the construction of a radioactive waste storage site is dangerous to nearby residents due to possible contamination.

Kim Yong-sam Inspects Kangwon Province 24 Jan

SK2401092495 Seoul YONHAP in English 0823 GMT 24 Jan 95

[FBIS Transcribed Text] Chunchon, South Korea, Jan. 24 (YONHAP)—President Kim Yong-sam examined the Kangwon Province Government Tuesday [24 January] on the first leg of his New Year's provincial inspection tour.

Meeting over lunch with Kangwon representatives following a briefing by Provincial Governor Yi Sang-yong, the chief executive declared that the "Yongdong International Airport construction plan will be announced soon."

Kim also disclosed that construction of a high-speed railroad linking the east and west coasts will be promoted by attracting private capital.

Elaborating on the president's remarks, Construction and Transportation Minister O Myong, who was accompanying Kim, said: "One out of five candidate sites for Yongdong International Airport has been tentatively selected and preparations are now underway for its construction. The plan will be made public sometime next month."

Work on the airport will be advanced by one year for completion in 1998 so that it can be ready before the 1999 Winter Asian Games, according to Oh.

The '99 Winter Asian Games are to be held at the Yongpyong Ski Resort, Kangwon Province.

President Kim called on those attending the lunch to take the lead in ensuring clean and fair campaigning in the four provincial elections coming in June.

"The government is determined not to tolerate any election fraud even at the cost of holding all four elections again," Kim stressed.

Following the luncheon, President Kim toured the Soyang Water Purification Station near Chunchon.

Kim Chong-pil Expresses Intention To Form Party

SK2401010395 Seoul YONHAP in English 0035 GMT 24 Jan 95

[FBIS Transcribed Text] Portland, Jan. 23 (YONHAP)—Former Democratic Liberal Party (DLP) Chairman Kim Chong-pil made clear his intention of forming a new political party Monday. "I'll follow the path I've decided to tread after resigning from the DLP chairmanship. I'll move and act when the time comes," he stated.

Kim also told reporters at the Red Lion Hotel here, where he is staying: "I'll announce my course of action at an appropriate time, but it won't take the form of a party convention. Though I've not personally mentioned a cabinet system, I'll raise the issue when the time is ripe."

The 69-year-old politician suggested he would form a pan- conservative party when he said, "there can be no Chungchong Province party. I understand that my supporters reside not only in Chungchong Province but elsewhere as well."

As to the timing of the new party's creation, Kim hinted that he has not yet made up his mind. "Everything in the world has an opportune time and it is important to do one's best, not violating it. But neither is it desirable for a man to miss the few opportunities given him."

Asked about his meeting with Rep. Kim Yong-hwan (Ind.) in Portland, he said, "though we took different courses when the DLP elected its presidential candidate, our close relationship has remained unchanged and we have met each other from time to time."

Playing down his withdrawal of a lawsuit against Kim Tae-chung, chairman of the Asia-Pacific Peace Foundation, Kim said that "it does not have any significance. I just wanted to put in order a matter which occurred such a long time ago."

Kim departs Portland Tuesday morning for home via Los Angeles.

Conservative DLP Lawmakers Meet About Future

SK2401104295 Seoul YONHAP in English 0727 GMT 24 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 24 (YONHAP)—Amid signs that former Chairman Kim Chong-pil will create a new party, a group of conservative members of the ruling Democratic Liberal Party (DLP) met secretly at a Seoul hotel Tuesday [24 January] morning to discuss the future political landscape.

Two senior DLP lawmakers who are said to be the ex-chairman's confidants, Chong Sok-mo and Ku Cha-chun, arranged the secret meeting at the Shilla Hotel on the occasion of a lecture by fellow member No Chae-pong, but suddenly switched locations twice—to the Palace Hotel and then to the Hyatt—when detected by reporters.

Some 19 DLP members reportedly showed up for the secret meeting, raising eyebrows as many assume they are moving to create a new party in the wake of Kim Chong-pil's departure.

Rep. No told reporters the lawmakers tried to have a serious discussion, but were unable to do so because reporters learned of the gathering in advance.

Asked about its nature, he threw up a smoke screen, replying that "there is no meaning in the meeting and no detailed content."

Kim Yong-kwang, another lawmaker who is also a close aide to Kim Chong-pil, said he did not attend the meeting but the participants were probably just trying to boost teamwork.

Nevertheless, he predicted that the movement will attract the interest several conservative and right-wing members of the DLP since it is not linked to a specific person.

Rumors are spreading that the new party will be formally launched in early February with members drawn mainly from the "republican" and "democratic justice" camps.

Speculation also has it the new party has already secured 50 local chapters and will have 100 nationwide by the end of February.

The new party's platform, according to unconfirmed rumors, is directed toward a parliamentary cabinet system in preparation for national unification while promoting harmony to meet a new age of localization.

The new party will also represent conservative and right-wing forces standing up for the middle class, DLP sources say.

However, most pro-Kim Chong-pil members were reluctant to answer reporters' questions about their political future.

DLP adviser Kwon Ik-hyon, who belongs to the Minjong (Democratic Justice) faction, ignored reporters' questions about the meeting, saying curtly that "I didn't go there—ask adviser No Chae-pong."

Rep. Yi Kung-kyu, who appeared at the Shilla Hotel but failed to take part in the meeting after its location was changed, said they only wanted to discuss general goings-on.

But reliable party sources said the meeting was held to talk about a mass exodus from the DLP when Kim Chong-pil declares the formation of a new party.

DLP Taking Step 'Toward Democratization'

SK2401104395 Seoul YONHAP in English 0731 GMT 24 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 24 (YONHAP)—The ruling Democratic Liberal Party (DLP), taking a step toward democratization, plans to elect its floor leader through a competitive vote by members from among dual candidates recommended by the party president.

The floor leader has in the past been nominated by the party head, President Kim Yong-sam.

A provision to that effect is included in proposed revisions to the party constitution and rules adopted Tuesday [24 January] at a plenary session of the DLP National Convention Preparatory Committee.

To invigorate and democratize itself, the ruling party decided earlier to elect through competitive balloting special city and provincial chapter chairmen, the Central Standing Committee chairman, and candidates for special city mayors and provincial governors.

The proposed revisions are to be finalized Friday at a joint meeting of DLP lawmakers and district chapter chairmen and at a session of the Central Executive Council.

The ruling party plans to introduce a competitive voting system for electing district chapter heads prior to its national convention in 1997. "District chapter chairmen will be elected by those party members who have paid their party dues," DLP Secretary General Mun Chung-su said.

In addition, the DLP will be rechristened the "United Korea Party" under the proposed revision to the party constitution.

It also plans to operate the offices of the secretary-general, chief policymaker and floor leader, which have been run by these postholders single-handedly, through a committee system with party legislators not represented in the executive council participating.

Also planned are the creation of six- and 12-member key postholders' conferences. The former will comprise the party chairman, secretary-general, chief policymaker, floor leader, state minister for political affairs and national convention chairman. In addition to these figures, the Globalization Promotion Committee chairman, State Policy Advisory Committee chairman, chief secretary to the party president, spokesman and Central Political Training Institute director will form the latter group.

The DLP has tentatively decided to abolish the advisers' conference, an informal consultative body of party elders, and to drastically reduce the number of advisers. This plan, however, is expected to bring controversy and strong objections from the advisers.

DLP Plans Parliamentary Cabinet Plank Removal

SK2301063495 Seoul YONHAP in English 0450 GMT 23 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 23 (YONHAP)—The ruling Democratic Liberal Party (DLP) is planning to drop from its platform the plank of a parliamentary cabinet system to avoid popular misunderstanding of its political direction.

DLP Secretary-general Mun Chong-su told reporters Monday that the present platform, which may create confusion over the cabinet system, will have to be amended at the party's rebirth.

Article one of the DLP platform refers to a cabinet system: "The party will guarantee people's freedom and rights and fix a political culture of progressiveness and harmony through people's wide-ranging participation in politics, and will materialize a parliamentary democracy in which the parliament and cabinet assume joint responsibility for the people."

Mun explained that the part about "joint responsibility of the parliament and the cabinet" has caused citizens to misunderstand that the DLP is directed toward a parliamentary cabinet system.

He said the party's move to amend its platform is in some ways connected with President Kim Yong-sam's declaration that he would not attempt to revise the Constitution during his term.

The platform revision also signifies the complete end of the three-way merger system following Kim Chong-pil's resignation as party chairman.

Meanwhile, the DLP is reportedly poised to change its name to the "United Hanguk (Korea) Party" or Hanguk Party with party functions overseen mainly by standing committees instead of the present three key post holders—secretary-general, chief policymaker and floor leader.

Under the program, the party will place two committees—Organization and Planning-coordination—under the secretary- general and a policy committee under the chief policymaker. A floor strategy measures committee will also be created under the floor leader.

Moreover, the ruling party will institute a six-member conference of key postholders to decide major issues. The six key members are the chairman, secretary-general, chief policymaker, floor leader, first state minister for political affairs and chairman of the national convention.

It will also upgrade the chairman of the DLP Globalization Committee to eighth position in the party hierarchy.

The party will hold an executive council meeting Friday to resolve pending issues by supplementing the party constitution, platform and regulations.

Opposition Party's Leadership Discusses Charter

SK2401003095 Seoul THE KOREA TIMES in English 24 Jan 95 p 2

[FBIS Transcribed Text] The main opposition Democratic Party [DP] yesterday held meetings of top decision-making and executive bodies to ratify a new party charter giving party chairman more power under the present collective leadership system.

The new party charter was prepared by an ad hoc committee, composed of Reps. Han Kwang-ok, Sin Sun-pom, Kim Tae-sik and former lawmaker Kim Chong-kil, following five-day deliberation since the party managed to escape the crisis of a potential split over a dispute on the party leadership early last week.

In a series of meetings of the supreme council and executive council, DP leaders also decided to put off the party's district chapter reorganization rallies, originally slated for between March and May, until after the June local elections in an effort to avoid unnecessary consumption of party energy.

Instead, they agreed to hold rallies nationwide for nomination of candidates for the June polls.

The timetable of a provisional national convention, which the party plans to organize as an event to celebrate the "grand alliance of the nation's all opposition camps," was tentatively agreed for around Feb. 27.

Meanwhile, Yi, who has refused to act as party chairman since early this month, presided over the supreme council meeting for the first time in 15 days.

At the meeting, the chairman said he will try to meet former party leader Kim Tae-chung as often as possible to hear his "lofty" opinions, calling Kim an "elder" of the party and the nation.

"Though he retired from politics, I think I can meet him any time and hear his views on development in the nation's political arena and the local elections," he said.

He made the remarks as co-chairman No Mu-hyon said that he does not think it would be mutually beneficial Kim if Yi meets former Kim on the party's internal affairs. [sentence as published] The former and current DP chairman will reportedly meet around this weekend.

"I do not think that Kim has ever intervened in the party and I do not want any misunderstandings about my meeting with Kim," he said.

Yi, since he launched a campaign to break free from his political mentor Kim, has complained that Kim exercises excessive influence in the party's internal matters through the largest Tonggyo-tong faction made up of his followers.

Government Not To Reorganize Noneconomic Offices

SK2401115895 Seoul YONHAP in English 1129 GMT 24 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 24 (YONHAP)—Government Administration Minister So Sok-chae said Tuesday [24 January] there will be no reorganization of non-economic government ministries.

"There arises the need of follow-up government reorganization after the sweeping change of economic offices toward the end of last year, but we do not consider effecting any further reorganization because stability of the officialdom is more important," Minister So said.

Testifying at the Administration and Economy Committee of the National Assembly, Minister So said, however, his ministry would take time reviewing ways of effective overall government reorganization.

On the issue of the globalization of public officials, So said the government would effect multi-pronged ways in this regard, such as the creation of foreign language courses at various research institutes and workshops.

Another way is for the government to shoulder foreign language training tuition, So said.

Justice Ministry Defines Policy Goals for 1995

SK2401004295 Seoul THE KOREA TIMES in English 24 Jan 95 p 3

[FBIS Transcribed Text] State prosecutors will launch an intensive crackdown on crimes that are sharply increasing in connection with the nation's drive for globalization and openness.

The targeted crimes include, among others, infringement upon foreign intellectual property rights, smuggling of agricultural and marine products, and international drug smuggling, a spokesman said yesterday.

A Justice Ministry spokesman dubbed such offenses "crimes riding on the nation's globalization."

The prosecution will also get tough with businessmen who violate human rights of migrant workers, whose maltreatment has flared up into a serious social problem as well as an international one, having greatly damaged the national image abroad.

These and other policy goals of the top law enforcement authority were confirmed in a meeting of the chiefs of the prosecutor's offices across the nation, presided over by Justice Minister An U-man.

The prosecutors will concentrate on terminating illegal labor disputes in a bid to help strengthen the international competitiveness of the nation's industry, he said.

Illegal campaigning for a series of local elections to be conducted in June will also be one of the main offenses to face stern punishment, he said.

Left-wing forces supporting North Korea will be another main target of the prosecution, he added.

In an address, Minister An said that the most urgent task for the reinforcement of national competitiveness in the international arena is to build a clean and transparent society.

The creation of such a society will be possible only when social irregularities, which have been connived at as "something like a habitual practice" are eradicated, he emphasized, calling for the prosecutors' devotion to the achievement of the goal.

Measures To Discipline Administration Discussed

SK2401032795 Seoul YONHAP in English 0247 GMT 24 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 24 (YONHAP)—The government has decided to employ its audit and inspection capability in reforming officialdom and establishing social discipline to foster a base for the country's globalization.

The government's plans for establishing state discipline this year were decided in a cabinet council meeting Tuesday at the government building chaired by Prime Minister Yi Hong-ku.

Details of the inspection program were later conveyed to each ministry and agency during an inspector-general's meeting of all state organizations chaired by Kang Pong-kyun, director of the Office of Administrative Coordination at the Prime Minister's Office.

In order to instill discipline in public servants, the government will place emphasis on rooting out 1,869 types of irregularities in 295 sectors that occur mostly at civil desks. Information on such irregularities is being collected by the corruption prevention and assessment teams of the prime minister's office and each ministry.

To this end, it was also decided to intensify the activities of the joint administrative special inspection team and the special investigation team of the supreme public prosecutor's office.

Of the types of irregularities, the special teams will step up their activities in 10 fields deemed vulnerable to corruption—taxation, architecture, land, construction, health, hygiene, environment, transportation, anti-fire, investigation and conscription.

Besides the cited areas, the government also decided to expand the scope of property registration by state officials, to ferret out financial accounts held by corrupt officials and to confiscate illegally obtained properties.

Moreover, it will conduct intensive inspections to determine if officials are lax in discipline or involved in election campaigning before the local autonomy polls in June.

In connection with the establishment of social discipline, the government also decided to intensify operations by the prosecution-police joint teams against violent criminals such as organized gangsters and drug dealers.

Third Consecutive Day of Stock Market Sales Rush

SK2401032695 Seoul YONHAP in English 0226 GMT 24 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 24 (YONHAP)—The stock market suffered a sell-off for the third session running Tuesday morning, with the composite stock price index breaking through the 920-point maginot line.

A sales rush pulled the across-the-board price index down 8.65 points to 926.73 immediately after the market opened, and the slide continued to 918.37 at 10:40 [0140 GMT], falling past the 920- point psychological resistance line of 920. It rebounded slightly to 919.02, off 16.36 from Monday, at 11:00.

Consequently, the key market barometer has plunged over 50 points in the past three sessions.

High-priced blue chips including Korea Mobile Telecom, Dacom, and Samsung Fire and Marine Insurance plummeted to the day's permissible lower limits.

The bearish trend will continue until March unless the depressed investor sentiment improves, market sources said.

Daewoo Receives Biggest-Ever Construction Order

SK2101034495 Seoul YONHAP in English 0249 GMT 21 Jan 95

[FBIS Transcribed Text] Beijing, Jan. 21 (YONHAP)—The Daewoo Business Group recently landed the largest single order ever received by a South Korean builder—5.2 billion U.S. dollars—for Beijing Grand Park from a consortium of U.S. firms.

Henry Chung, chairman of Beijing Land Development Inc., representing the U.S. consortium, said he and his adviser Robert Hennkens signed the contract with Daewoo late last year in Seoul. Under the contract, Chong said, Daewoo will begin construction as soon as the design is completed by Dual Inc., an American architectural company.

The deal represents the biggest order ever for overseas construction by a South Korean company, surpassing the great waterway construction in Libya done by Dong-Ah Construction Co. The first order from Libya was worth 3.6 billion dollars and the second 4.6 billion dollars.

Chong, a Korean-American businessman, said construction of Beijing Grand Park is expected to begin in the second half of next year if things go well.

Beijing Grand Park, to be built in Tongxian County within Beijing city on an area about 39.7 million square meters wide, will include leisure facilities "better and bigger than those in Las Vegas or Disneyland" in the United States.

Chong added that the buildings to be constructed in the park include business facilities, upscale houses, apartments for foreigners, a sanitarium, a movie theater, a sports complex, hotels, a golf course and a big parking area able to hold 50,000 cars.

Beijing Land Development Inc. plans to complete first-stage work by Oct. 1, 1999, the 50th anniversary of the communist government of China, and the leisure facilities, hotels, shopping mall, golf course and sports complex will open sometime later.

Second-stage construction will be completed around 2002, when the park will accommodate about 600,000 people, Chong said.

Sources here said the Beijing city government will have a 20- percent stake in the park by providing the land, with the U.S. consortium having the remainder.

Meanwhile, the Beijing city government and the China Council for the Promotion of International Trade (CCPIT) are studying construction of a large international exhibition center on an area covering 9.9 million square meters near Grand Park to develop the area into an international business and leisure city.

Rules of Property Real-Name System Revised

SK2401004595 Seoul THE KOREA HERALD in English 24 Jan 95 p 8

[FBIS Transcribed Text] The government, in a policy U-turn for implementing the so-called "property real-name system," will prohibit the time-honored practice among domestic businesses of buying land in employees' names from July 1.

Deputy Prime Minister and Minister of Finance and Economy Hong Chae-hyong said at a news conference yesterday that the government will allow exceptions of the new rule only on a strictly limited basis, to "conform to the aim of the reform law." The proposed system mandates the use of actual owners' names in all property dealings.

Hong's latest remarks was the reversal of what he said two weeks ago. Announcing the introduction of the new system Jan. 9, the deputy premier said that the government would allow the businesses' property acquisition in individuals' names for certain periods.

Korean companies used to acquire land in the names of their employees either for circumventing the government's stern anti- speculation law or for purchasing land at cheaper prices as landowners have tended to demand higher prices for corporate property buyers because of the higher capital gains taxes imposed on the basis of actual trading prices.

The government's proposed leniency on businesses, however, drew mixed responses from involved parties. The Federation of Korean Industries, a lobbying group for large conglomerates, welcomed the move, expressing their hopes that the grace period be at least two years.

Individual landowners and academics who stress economic justice, however, have said the idea does not live up to the spirit of the reform movement and it discriminates business from individuals.

To help solve the problem of land shortage for the businesses, Deputy Premier Hong said, the government will soon come up with a package for smooth supply of industrial land.

Ministry officials said the land supply package has yet to be completed in detail but could include early designation of industrial parks in farming and fishing areas and facilitating the sales of land lots in the existing complexes.

Drastic deregulation of procedures related with corporate land purchase is also under discussion among government agencies, said Kang Man-su, assistant minister for taxation.

Kang said he did not think the government's strictness in corporate land ownership would weaken the domestic industry's competitiveness but will rather strengthen it in the long run. The heavy capital gains tax will be no problem as the government took steps to levy it on the basis of its official land price as early as in 1989, he said.

"When the transparent property ownership and dealing system is established, it will reduce property speculation and pull down their prices, helping to sharpen the industry's competitiveness," Assistant Minister Kang said.

Foreigners are not exempt from the new system.

Besides being banned from buying land in other people's names as their Korean counterparts do, some foreign businessmen, who reportedly are holding property in the names of their Korean employees, will have time until June 30, 1996, to change the ownership to those of real owners.

Currently, foreigners are free to buy land for building factories by only reporting to related agencies. Each foreigner is also allowed to purchase up to 660 sq. meters of land for residential use and 165 sq. meters for commercial use.

People who have bought land in other people's names for the tax- evading purposes will face legal disciplines, including the payment of back taxes, according to the government's draft bill.

Those who fail to convert the ownership from borrowed names to their real names until next June will also be forced to pay fines up to 30 percent of the property's market value in the first year. The violators will pay an additional 20 percent and 10 percent of property values in the second and third year, respectively.

Burma

Suu Kyi Denies 'Secret Deals' for Freedom

BK2401030595 Bangkok THE NATION in English 24 Jan 95 pp A1, A4

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] Burmese opposition leader Aung San Suu Kyi, still in the dark about her freedom since her house arrest formally expired two weeks ago, has issued a rare public statement seeking to kill all rumours about any "secret deals" being made with the ruling junta.

The 1991 Nobel Peace Prize laureate, who has been confined to her lakeside home in Rangoon since July 1989, reaffirmed her dedication to "an active participation" in the democracy movement in her homeland.

She stated her commitment to consult with her political colleagues before making any move and to be led by the aspirations of those fighting for the restoration of "a truly democratic political system" in Burma.

The statement, dated Sunday and bearing Suu Kyi's signature, was brought out of Rangoon by her British husband Dr Michael Aris, an Oxford scholar, who made a brief stopover in Bangkok after spending a month with her in the Burmese capital.

"There has not been and there will not be any secret deals with regard either to my release or to any other issue," said Suu Kyi, the 49-year-old daughter of Burma's assassinated independence hero Aung San.

"I adhere to the principle of accountability and consider myself at all times bound by the democratic duty to act in consultation with colleagues and to be guided by the aspirations of those engaged in the movement to establish a truly democratic political system in Burma," she said.

"I remain dedicated to an active participation in this movement" she added.

Suu Kyi's statement, a copy of which was obtained by THE NATION, is seen as sending "a strong and clear message" to the world community and all Burmese opposition and armed ethnic movements, both inside and outside the country, of her strong commitment not to negotiate nor strike any political deals with the Burmese junta, the State Law and Order Restoration Council (Slorc), in exchange for her freedom.

In her statement, Suu Kyi said she had approached the meetings with Burmese junta leaders on Sept 20 and Oct 28 with "genuine goodwill" and the belief, as described in clause 5 of the 1994 UN resolution on Burma, that a substantive political dialogue involving herself and other political leaders, including representatives from ethnic groups, is the best means of promoting national reconciliation and the full and early restoration of democracy.

"It has always been the firm conviction of those working for democracy in Burma that it is only through meaningful dialogue between diverse political forces that we can achieve national reconciliation, which is the first and most vital requisite for a united and prosperous country," she said.

According to Burma analysts and Rangoon residents, Slorc exploited and publicized the two meetings with Suu Kyi "to its utmost benefit," last November when the UN General Assembly was debating a resolution on Burma.

But the analysts believe that Slorc failed in its attempts to convince the international community as the UN had issued a "stronger and more comprehensive" resolution than previous ones in both political and human rights aspects.

Suu Kyi, whose personal sacrifices coupled with her strong and vocal commitment to democracy and human rights in Burma have endangered her freedom and placed her under unlawful detention without trial, issued the brief statement shortly after her term of house arrest expired on Jan 10, a six-month extension from last July.

Slorc, which has confined Suu Kyi without any official charge or a trial, devised, amended and interpreted a security law retroactively which permits her to be held under house arrest for up to five years.

Last July it made another change and also applied it retroactively to prolong her confinement for one more year, with six months' written notice at a time.

The analysts believe that this July is "the final cutoff" point for Suu Kyi's freedom unless Slorc again amends the law.

Dr Aris told THE NATION yesterday his wife had tried without success to get clarification of her status from Slorc after the Jan 10 deadline passed.

Suu Kyi, he said, has sought a meeting with a "responsible (Slorc) officer, who usually notified her well ahead of every detention extension with a written note of the law that had been amended and interpreted to lock her away from the public".

"Her detention was renewed six months after last July. When the term expired on Jan 10, five and a half years after her house arrest, she requested that a responsible officer should come and see her, but she was told that he was not available.

"Her status has not been clarified. Usually the officer responsible would show her the renewal note (of her detention) in written form, but up to yesterday (Sunday) this has not been done," said Dr Aris.

Aris said the extension of Suu Kyi's detention "does not come as a surprise to her as she has now become familiar with Slorc".

He denied that the pro-democracy leader had been informed that she will remain confined to her home until July 1, as reported by some media agencies.

Suu Kyi also rejected rumours that she had met her political colleagues from the National League for Democracy and that she had held more talks with Slorc or Burma's strongman Gen Ne Win, Aris said.

Aris said his wife has always wanted to meet with her colleagues in prison, but her wishes have never been granted.

Military Accused of Using Forced Labor

BK2301114895 Melbourne Radio Australia in English 0630 GMT 23 Jan 95

[From the "International Report" program]

[FBIS Transcribed Text] In Burma, there are fresh reports of forced labor and civilians being press-ganged to work as military porters. Opposition forces called it slave labor and insist it's being used for current military moves and to prepare Burma for next year's big tourism push. And the military government defends the practice as a labor tax needed for development projects and defense in the impoverished country. But Evan Williams reports from Rangoon, Burmese critics say the practice leads to uncontrolled human rights abuse with some subjected to appalling conditions without food or pay.

[Begin Williams recording] In the central Burmese town of Prome recently, the normally busy streets were deserted by nightfall as the people fearfully stayed in behind locked doors. An army press-gang had been lurking in the shadows of the town's outlying areas. According to one recent visitor, they had already collected people for use as porters in the border zones where the army is stepping up pressure against Drug Warlord Khun Sa and the ethnic Karen freedom fighters. In more isolated towns, conscription as an army porter is more common, especially around Burma's current dry season. The only crime is to be aged between 15 and 45 and found on the street too late at night. Men and women are taken; government employees, students, and those with enough money to bribe commanding officers are the only exceptions. Round-ups are more common and brutal in the many ethnic minority regions where a soldier's suspicion of a villager's allegiance leads to some of the worst human rights violations.

Rape, hunger, disease, and even mortal danger from front-line conditions are the terms of employment as an army porter. One veteran observer says many of those from ethnic villages taken as porters either come back ill and malnourished or never return. Porters are meant to be paid and receive a soldier's ration. Observers say that simply doesn't happen. In latest reports of porters being used as human minesweepers in the border zones appear unfounded but they are given little warning about the location of mine fields or battlefield dangers.

The harsh physical labor and tough tropical conditions takes its toll. Those who refuse or can't keep up are beaten or at times even killed according to one village observer. Porters are used because the army says it doesn't have the logistical support needed for operations in remote zones despite an estimated 50-percent share of the national budget. The same reasons are used to justify more widespread forced labor on public work. The military government says it must use what it calls volunteer labor for these projects because without international aid it simply doesn't have the money for large-scale development projects like roads and railways.

The regime says this labor tax is a traditional practice bringing direct benefits to a region that otherwise would go without and insists the people are paid a minimum wage and receive medical care. It's true in some parts of the country impartial Burmese observers say farmers have gladly given their labor to build badly needed irrigation channels, schools, or roads. But the vast majority of Burmese people are forced to work for days at a time against their will. Local army commanders ask families to provide one member for a day's work every few weeks to, say, clean up the town or help clear a road. But that can expand to days or weeks sometimes far from their homes in tough conditions for the larger scale projects. No one can refuse, says one Burmese observer—they have the power; they have the guns.

Prisoners in chains are also used for public works sometimes to replace civilians in the more public sites. At best it's no more than a labor tax in a country where these projects would otherwise simply not happen. At worst it's the large scale conscription of workers with no accountability for human rights abuse and corruption. With no sign of an end to the practice, critics say the issue is not that it occurs, but why the military doesn't ensure it's telling the truth when it says the people are at least paid and fed for the work. Observers say forced labor is the most common, but forced porterage for the army involves the worst human rights abuses where the need for consistent international pressure is greatest. [end recording]

Karen Guerrillas Criticize New Army Offensive

BK2401071395 Bangkok THE NATION in English 24 Jan 95 p A2

[FBIS Transcribed Text] Ethnic Karen guerrillas opposed to the Rangoon junta have expressed "deep disappointment" at the Burmese Army's latest offensive against their headquarters, saying the attacks have killed any hope of a political solution.

The three-pronged operation from the northern, southern and western fronts to capture Manerplaw started on Jan 20 with the Burmese troops firing about 30 mortar shells a day at the Karen base, which is located on the west bank of Moei River opposite Thailand's Tha Song Yang district in Tak province.

Thai security sources said three to four 105-mm cannon rounds fell on Thai soil on Saturday. They were fired from the Burmese stronghold on Sleeping Dog Mountain, west of Manerplaw according to Karen and Thai sources.

In early December the Burmese junta exploited a chaotic situation arising from internal strife inside the Karen National Union (KNU) to launch an offensive against the armed group, breaking its unilateral ceasefire proclaimed in April 1993. The brief attacks came to a halt after Burmese troops overran the headquarters of dissident Burmese students on the Salween River and several KNU frontline posts in nearby areas.

According to a KNU press statement issued yesterday, three newly-arrived battalions from the 66th Light Infantry Division under the 662 Tactical Command have moved towards Thay-ro-hta on the Salween River which is a little north of the confluence of the Moei and Salween rivers.

As Burmese troops began their attacks on Jan 20 on KNU positions at Kolawah Loo, which is located south of Manerplaw, the Burmese junta or State Law and Order Restoration Council (Slorc) also moved troops down from Sleeping Dog Mountain to seize Mae Pa, Mae Nyaw Kee and Mae Let Hta, the statement said.

A KNU spokesperson, who issued the statement, said the Burmese attacks were "apparently designed to isolate and capture Manerplaw," and clearly indicated the "determination of the Slorc to discredit attempts made by the KNU to open negotiations with the Slorc concerning a ceasefire and the necessary political settlement in Burma."

The KNU had late last year dropped its demands that peace talks with the Slorc be held outside Burma because of previous "lack of trust and a bitter history" and both sides agreed on an initial exploratory meeting in Rangoon.

"But this proposal collapsed when the Slorc refused to receive KNU representatives, insisting on (meeting in) Moulmein which was unacceptable to the KNU," said the statement.

"The KNU spokesperson expressed deep disappointment that the Slorc should now, through its military offensive, seek to destroy the potential for a political solution before dialogue has even commenced," it added.

Brunei, Malaysia & Singapore

Brunei

Sultan Bolkiah, Singapore's Lee Hold Talks

BK2401055695 Singapore THE SUNDAY TIMES in English 22 Jan 95 p 1

[Report by Sumiko Tan in Bandar Sri Begawan]

[FBIS Transcribed Excerpt] Mr Lee Kuan Yew yesterday shared Singapore's regional investment strategy with Brunei's Sultan Hassanal Bolkiah at a one-hour minute meeting.

The Senior Minister, who is on a three-day visit at the Sultan's invitation, described how the Republic was investing in countries like Indonesia, China and Vietnam.

A Singapore delegatiom spokesman said Mr Lee also observed that in investing the region, Brunei could proceed with its own plans or, if it liked, work together with Singapore.

Investment strategies was one of several topics raised at the meeting, which lasted way beyond the 30 minutes scheduled.

The spokesman said the exchange of ideas was "very very warm" and reflective of the close ties between the two men. The Sultan was in Singapore on a private visit only about three months ago, and had met Mr Lee then.

Events in the Middle East were also touched on. The Senior Minister, who was in Israel and Jordan last year gave his views on the prospects and problems of real peace taking place there.

He noted that progress would come to the Middle East if it made peace, opened up its markets and invited investments. He added that Jordan had experienced more tourist arrivals after its pact with Israel.

They also touched on the recent monetary crisis over the Mexican peso.

"Both leaders were quite gratified that the Singapore and Bruneian dollar had managed to hold their place," said the spokesman, adding that they put this down to right economic policies in the two countries. [passage omitted]

Earlier, Mr Lee met and had lunch with three of the Sultan's brothers—Foreign Minister Prince Mohamed Bolkiah, Finance Minister Prince Jefri Bolkiah, and Prince Sufri Bolkiah.

The spokesman said the Senior Minister and Prince Mohamed exchanged views on the coming Asia-Pacific Economic Cooperation [Apec] conference in Japan.

Mr Lee made the point that the Bogor Declaration had allowed Apec to proceed forward quickly.

They also discussed the United Nation's 50th anniversary this year, and the Senior Minister recounted what it had been like when the UN was commemorating its 25th anniversary.

Last night Mr Lee, who was last here in October 1993, played host to Brunei ministers at a barbeque in his guest residence, Istana Darut Taqwa.

Malaysia

Mahathir Views EAEC's Potential for Region

BK2401102395 Kuala Lumpur THE STAR in English 24 Jan 95 p 3

[FBIS Transcribed Text] Kuala Lumpur—The East Asia Economic Caucus (EAEC) can be reality as the World Bank has forecasted that six of the world's biggest economies will be in East Asia, Datuk Sri Dr. Mahathir Mohamed said yesterday.

The Prime Minister said the EAEC would have a role to play to ensure countries in the region co-operate towards common prosperity.

"In my view, by the laws of reality, this (the forecast) will not be allowed to happen.

"It can only come to pass if we work together without ill-will towards anyone," he said at the first Malaysia-China Forum.

Dr. Mahathir said according to the World Bank, China, Japan, India and Indonesia would be among the biggest economies in the world by the year 2020.

He also said that Malaysia was well-positioned to take advantage of opportunities available in China when it becomes the world's biggest economy by 2020 as predicted.

Malaysia and China can also work together as regional partners for peace in the region.

"Co-operative peace starts with one's own backyard. Ensuring peace and tranquility within one's own boundaries is one of the greatest gifts that one can make to one's neighbors and region."

Japan Seeks Strong Ties Despite EAEC Stance

BK2401122795 Kuala Lumpur BERITA HARIAN in Malay 24 Jan 95 p 5

[FBIS Translated Excerpt] Kuala Lumpur, Monday [23 January]—Japanese Ambassador to Malaysia Taizo Nakamura has said his government hopes that good bilateral relations with Malaysia will not be affected by Japan's failure to make a firm decision regarding the East Asia Economic Caucus (EAEC).

Nakamura said the Japanese Government and people understand Malaysia's stance and concept on the formation of the EAEC, which is not going to be a trade bloc.

"The debate is not whether we have to choose Asia or the United States, because both are our friends. We hope this will not become an issue that negatively affects our bilateral ties," he said.

Nakamura said this during his keynote address after witnessing the signing ceremony of a financial agreement between the Japanese Keidanren (Manufacturers Association) and the Malaysian Institute of Strategic and International Studies (ISIS) here today.

ISIS was represented by Chairman Tan Sri Zainal Abidin Sulong and Keidanren was represented by its promotion committee chairman.

Keidanren will contribute 2.63 million Malaysian ringgit to the Japanese Studies Center at ISIS to finance programs in the coming four year period. [passage omitted]

Mahathir Says Magazine 'Tarnished' Muslim Image

BK2401112295 Kuala Lumpur BERITA MINGGU in Malay 22 Jan 95 p 2

[FBIS Translated Excerpt] Johor Baharu—Prime Minister Datuk Sri Dr. Mahathir Mohamed has said that the government's decision against a local publication is final because the publication created a negative image of Malaysia and other countries.

He said the MUSLIM MEDIA INTERNATIONAL magazine criticized Muslim countries from its base in Malaysia. It also tarnished the image of leaders of other Muslim countries.

Responding to journalists' questions regarding the revocation of the magazine's publishing permit last month, he said the magazine's actions were absolutely irresponsible.

Dr. Mahathir said the magazine tried to raise the issue of the use of the word Islam by the PAS [Parti Islam SaMalaysia—Pan Malaysian Islamic Party]. This is similar to PAS's interpretation that UMNO [United Malays National Organization] suggested the word Islam be dropped from the party's name. It claimed that UMNO intended to eliminate Islam.

"This is a provocation. Actually, the magazine knew this was not UMNO's true objective, but it intentionally made this slander. Previously, the same magazine condemned other Muslim countries.

"These are the kind of people that cause Muslim countries to remain backward. They should not be given a place in the country and should not be allowed to use democratic rights to defame democracy," he said. [passage omitted]

Joint Commission Meeting With Thailand Opens

BK2401084295 Kuala Lumpur Voice of Malaysia in English 0600 GMT 24 Jan 95

[FBIS Transcribed Text] Thailand is yet to agree to Malaysia's proposal to introduce a new type of border passport for people living along the common border. The new passport, similar to the restricted passport for Malaysians visiting Singapore, will be valid for five years.

Foreign Ministry Deputy Secretary General Datuk Abdul Halim Ali said this in Kuala Lumpur. He was speaking to newsmen after the opening session of the four-day seventh meeting of the Malaysia-Thailand Joint Commission on Bilateral Cooperation. Halim said Thailand had agreed in principle to the proposal. Malaysians living in the border states of Kedah, Perlis, Perak, and Kelantan, and Thais living in the southern provinces are eligible for such border passports.

Taiwan, Japan Lead Foreign Investors in 1994

BK2401095195 Kuala Lumpur THE STAR in English 24 Jan 95 p 4

[FBIS Transcribed Excerpt] Taiwan topped the list of investments into Malaysia from foreign countries last year, beating off the United States which was the leader last year.

A total of RM [Malaysian ringgit] 11.224 billion worth of proposed projects from foreigners was approved in 1994, a 78.5 percent increase from RM6.287 billion, according to MIDA [Malaysian Industrial Development Authority] report on the performance of the manufacturing sector in 1994.

Taiwan brought in RM2.874 billion, which was about three times 1993's RM894.2 million.

Most of these investments were for the textiles and textiles product industry and the electronics industry, both accounting for 75.4 percent or RM2.166 billion of Taiwan's total investment.

Projects approved with substantial Taiwanese equity were concentrated in three projects. These projects involved the production of integrated circuit (IC) wafers and ICs, dyed knitted fabrics and colour and monochrome electron-guns and colour cathode ray tubes.

Japan, which recorded an increase of 6.3 percent in investments for 1994 totalling RM1.765 billion, rising from RM1.661 billion in 1993, retained its second position amongst the largest foreign investors into Malaysia for 1994.

The electrical and electronics products industry received the greatest attention from Japanese investors with RM912.6 million or 51.7 percent of its total investment.

Another 32.1 percent was for the wood and wood products industry, chemicals and chemical product industry and the machinery manufacturing industry. [passage omitted]

* Anwar Rejects Human Rights, Trade Link

95SE0070B Kuala Lumpur BERITA HARIAN in Malay 8 Dec 94 pp 1, 2

[FBIS Translated Text] Kuala Lumpur, 7 Dec—Datuk Seri Anwar Ibrahim said human rights is a moral issue that demands seriousness and common determination and must not be manipulated for specific interests, especially trade.

The deputy prime minister said a country's objective should be to create a civilized society by providing channels for fulfilling the right to enjoy life, liberty, and continued happiness.

He said the fulfillment of this pure ideal in the life of the international community is still far off and unrealized, following the failure of the big Western powers to handle the Bosnia and Herzegovina issue and their hands-off attitude in Rwanda.

"Any exalted words and claims about basic human rights can be considered hypocritical if not complemented by action, especially when action is greatly needed.

"Such people must have the determination to handle social issues such as poverty, hunger, and disease, because these things are often concealed by fighters for basic human rights," he said.

He said this in his speech today at a luncheon on the occasion of an international meeting on "Reevaluating Basic Human Rights," held by the Just World Trust (JUST).

The session was chaired by Anwar Fazal, regional adviser for the United Nations Development Program, who has his office in Malaysia.

Minister of Defense Datuk Seri Najib Tun Razak, Minister of Justice Datuk Syed Hamid Albar, JUST Chairman S.M. Mohd. Idris, and JUST Director Dr. Chandra Muzaffar were among the 350 meeting participants who listened to the speech.

Anwar, who is also minister of finance, said that the authority of criticism by Asian countries toward the Western powers is dependent on determination to practice pure individual values, justice, goodness, and compassion.

"Our concept of protecting basic human rights must come from these lofty ideals, which universally apply to the West.

"Therefore, we must try to apply these lofty ideals and values that enhance quality of life, harmony, and moral and cultural betterment.

"Rights should not lead to indecency, and liberty should not lead to anarchy," he said.

Anwar said that anarchy and instability will only make talk of human rights to be babbling. Freedom of speech should not be used to disseminate lies, stir up communal and religious hatred, or lower public morality.

"Rights to property must be balanced by the rights of the state to obtain its own property for purposes of development. Similarly, freedom of religion should not be used to stir up fanaticism or heresy, which could threaten social stability and produce violence," he said.

He said also that he was confident that basic human rights issues would become more stable if Western societies would try to practice all the lofty ideals that they proclaim throughout the world.

Anwar said that human rights interpretations and concepts are disappointing, and the peoples of Asia reject basic rights ideas from the West for their own cultures.

He said they also see this as part of the West's concept for repressing other parts of the world with regard to basic human rights.

* Najib Reports Purchase of Warships From UK

95SE0070A Kuala Lumpur BERITA HARIAN in Malay 5 Dec 94 p 5

[FBIS Translated Text] Glasgow—Malaysia will have warships equipped with the most modern and sophisticated weapons in Southeast Asia when the two frigates being built here are ready in mid-1996.

Minister of Defense Datuk Seri Najib Tun Razak said the purchase of the KD [Royal Ship] Keliu and the KD Jebat at a cost of 1.42 billion ringgit is a government action to improve defense of national waters.

Speaking to reporters at the Yarrow Shipyards yesterday, Najib repeated that the improvement in the country's military equipment does not mean that Malaysia is joining the arms race in the region but is a part of the rebuilding of existing equipment.

"Consistent with Malaysia's economic growth, the country needs to guard its image in the eyes of the world, which includes improving its weaponry.

"Most of the existing equipment should be replaced. Some of it dates from World War II. In fact, several of our patrol boats are much smaller than foreign fishing boats that violate national waters," he said.

The frigates being bought under the 1992 memorandum of understanding (MOU) with Britain have a variety of special functions and features, including long-range guided missiles and sophisticated radar detection equipment.

The frigates are also capable of blocking enemy attacks on the surface of the water, under water, and in the air, he said.

The ships are also equipped with four to six combat helicopters that can help the ship detect an enemy at long range.

The government has not yet decided on a supplier country, however. It has been learned that France offered the Lynx-type helicopter, but the government has decided to hold open bidding.

The frigates are the only ones in the world besides British ships to use Seawolf guided missiles.

The frigates, which are being built by Yarrow Shipbuilders Ltd., are 50 percent finished and are the last to be delivered to Malaysia under the MOU.

Najib, who inspected the KD Lekiu before it was launched by his wife, Datin Seri Rosmah Mansor, was satisfied with the construction work, which is of high quality and on schedule.

* Firms Plan Mindanao Oil Palm, Rubber Estates

95SE0070C Kuala Lumpur UTUSAN MALAYSIA in Malay 3 Dec 94 p 18

[FBIS Translated Text] Kuala Lumpur, 2 Dec—Malaysian estate companies will begin to open oil palm and rubber estates on Mindanao in the Philippines, said Minister of Primary Industries Datuk Seri Dr. Lim Keng Yaik.

He said the Philippine Government has agreed to allocate 700,000 hectares of land on that island to estate companies from Malaysia for that purpose.

He said that 300,000 hectares will be allocated for oil palm trees and the other 400,000 hectares for rubber trees.

"The estate project will begin when related issues, such as suitability of land, status of land ownership, and operational costs, have been resolved," he told reporters today after inaugurating the 1994 East Asia Development Seminar (SEPATI).

According to Dr. Lim, the agreement to open the estates was reached during his visit last week to Davao, capital of the province of Mindanao [as published].

Twenty-five officials and representatives of Malaysian estate companies accompanied him on the visit.

He said the purpose of the three-day visit, at the invitation of the Philippine Government, was to seek new opportunities for promoting palm oil and the planting of rubber trees.

He added that the visit was also related to formation of the ASEAN Vegetable Oils Club (AVOC).

Dr. Lim said he was confident that investments in that country will provide reasonable returns if attractive investment incentives are offered.

During the visit, Dr. Lim also had opportunity to meet with Philippine President Fidel Ramos.

"In the meeting, I said that we can start to resolve land-related issues, such as ownership and leases, that must be finalized before the project can begin.

"Fidel was very concerned about the matter and directed ministers involved to investigate and respond within three months," he said.

SEPATI 1994, which was inaugurated today, is sponsored by the University of Malaya Students Association and will last for three days.

Nine working papers will be presented by economists from Malaysia, China, Thailand, Indonesia, the Philippines, Cambodia, Burma, Laos, and Vietnam.

Also present at today's meeting were Deputy Minister of Public Works Kerk Choo Ting and Vice Chancellor (Student Affairs) Associate Prof. Abdul Rashid Ahmad.

Singapore

Lee 'Confident' on Brunei Joining Development Fund

BK2301131895 Singapore Radio One in English 1100 GMT 23 Jan 95

[FBIS Transcribed Text] Brunei has joined Singapore in a fund meant for infrastructure development in emerging countries like China, Vietnam, India and ASEAN. Singapore is investing U.S. $250 million in the Asian infrastructure fund, while Brunei's share is U.S. $100 million.

The senior minister disclosed this at the end of his three-day visit to Brunei. Mr. Lee Kuan Yew said he felt confident in introducing the fund to Brunei because it is with partners that are very experienced in the field. [sentence as heard]

On Brunei's economic development, Mr. Lee said although Brunei is doing well, the feeling among businessmen and officials there, is that the private sector has to be expanded. It has to move away from the oil and gas sector, and in order to do that some fundamental changes have to made.

The senior minister said Sultan [state ruler] Hassanal Bolkiah is keen that Brunei should keep abreast with the time.

Malaysian Trade Minister Speaks on Investment

BK2401084895 Kuala Lumpur Voice of Malaysia in English 0600 GMT 24 Jan 95

[FBIS Transcribed Text] Malaysia will not slow down efforts in alluring investments despite having exceeded a five-year target. International Trade and Industry Minister Datuk Sri Rafidah Aziz said this at a round-table conference in Singapore.

Malaysia had earlier expected to achieve 80 billion ringgit investments between 1991 and 1995. Foreign and domestic investments during the first four years totalled 95 billion ringgit. The minister said it was a good indication of investors' confidence in Malaysia.

Parliament Passes Factories Amendment Bill

BK2301132195 Singapore Radio One in English 1100 GMT 23 Jan 95

[All dollar figures given in Singapore dollars]

[FBIS Transcribed Text] The government is increasing the maximum fines for those who violate the Factories Act in a bid to safeguard the safety and welfare of workers. At present the maximum fine, decided more than 15 years ago, is $25,000. And this fine does not distinguish between death and serious injury.

Now if death occurs, those found to have violated the law are liable to be fined up to $50,000. If multiple deaths take place the fine is up to $200,000. The maximum jail term of about to a year for both remained unchanged.

The new penalties are provided for under the Factories Amendment Bill passed by parliament today. Labor Minister Lee Boon Yang says his ministry is also raising the compensation fine for less serious offenses to a maximum of $1,000 from $200.

The Factories Amendment Bill also seeks to expand the scope of safety areas to include warehouses and industrial testing laboratories where workers are also exposed to hazardous materials and toxic chemicals. There will be new measures to protect them.

Cambodia

Ranariddh Cited on Commissions From Contracts

BK2401060795 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 23-24 Jan 95 pp 1, 2

[FBIS Translated Text] First prime minister Prince Krompreah Norodom Ranariddh said: Commissions that we Cambodians usually call tea money, if it is given by any company, should not be pocketed by the prime ministers or any ministers at all. This is a government policy.

The prince made this remark when he cut the ribbon to inaugurate a British-made Fokker-28 aircraft donated by Malaysian company FACB to the Royal Government at a 21 January ceremony at the Cambodian Air Force base.

Prince Krompreah added: In a number of investment contracts, the investors give tea money to the Royal Government, which is an international practice. For example, the prince said, in signing the agreement to develop Sihanoukville, a Malaysian firm provided the government with a legal commission worth U.S. $108 million. This money was mentioned in the contract, and there was no secret surrounding it. The same will apply to FACB, which is investing to build five golf courses in Cambodia. This 90-hole golfing facility will be Asia's largest. The company is leasing our land near Tonle Bati and will build a four-lane highway on National Route 2 to Phnom Penh as well as a double-track special railroad linking the golf club to Phnom Penh and Pochentong Airport. This railroad will have with three special stations, one at the golf club, another at Pochentong Airport, and in Phnom Penh, for tourists. The golf club will generate employment for our people and income for our national coffer. According to the contract, the company will give an aircraft to the Royal Government as a commission.

Prince Krompreah added that this is due to the efforts of the Royal Government and it is also the pride of our nation that we have this plane at our disposal without having to lease it. Besides having to pay fees for private planes, we have experienced inconveniences because of delays or snags, causing some embarassment to the honor and prestige of our nation.

The prince also admonished certain individuals for criticizing the changes to the finance and economy minister and the state secretary, contending that a new minister might ruin the national economy. He said: As a matter of fact, up to this point the riel currency has remained quite stable, despite some minor fluctuations. But this is a market economy and some changes should be expected.

Prince Krompreah stressed: We are doing everything according to the IMF. So, there should not be any problem that would destabilize the national economy. He added: Like this talk about the government being so corrupt, the fact is that all matters concerning the tea money has been laid open, and has been put in writing in the contracts. Nothing is hidden. The money so acquired is added to the national budget. In the next six months, the Ministry of Finance and Economy will present a report on its activities to the National Assembly.

It is to be noted that this 61-seat Fokker-28 aircraft has been refurbished to seat only 41 passengers. It will be used exclusively by the king, the prime ministers, and high-ranking government officials only for official travel in and out of the country.

Defense Ministry Seeks Extended KR Grace Period

BK2101134795 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 20-21 Jan 95 pp 1, 2

[FBIS Translated Text] The Cambodian National Defense Ministry is drafting a proposal to submit to the Royal Government of Cambodia requesting that the grace period for amnesty for the Khmer Rouge [KR] group—which expired on 15 January—be further extended.

Co-Defense Minister Tie Banh told REAKSMEI KAMPUCHEA by phone on 18 January that the proposal being drafted by the Defense Ministry requests that the government look into the possibility of extending the grace period for the Khmer Rouge group because the previous (6 months) period was not enough for some areas that are far away and with a lot of pressure from Khmer Rouge leaders.

The co-defense minister gave these reasons: Some Khmer Rouge troops are in remote areas and under pressure from their leaders; they have difficulties surrendering. Therefore, more time should be given to them." Tie Banh further said: "The extension is reasonable because the king has also requested an extension of the amnesty."

However, Tie Banh affirmed that the Defense Ministry will submit this proposal to the government; if the latter agrees, the proposal will then be submitted to the National Assembly. As for the amendment of some points of the law, this depends on the National Assembly, which is empowered to make amendments.

Another reliable source thought that the Defense Ministry may ask for a 3-month extension for Khmer Rouge elements to surrender who are in remote areas and under pressure from their leaders.

Before the expiration of the grace period on 15 January, a number of politicians and Assembly members also demanded the extension of the grace period for the Khmer Rouge group.

In Takhmau, the king of Cambodia said on 17 January that "the Khmer Rouge are an obstacle to national construction. We have appealed to them to return to society rather than prolong this meaningless war." The king further said that "If we are united we will be strong as we were during the Sangkum Reas Niyum era" and the Royal Government's policy is to allow the Khmer Rouge to return to join a national union."

The Royal Government's statement dated 15 January said that Khmer Rouge soldiers returning after 15 January will not be prosecuted; however, these returnees will not be eligible for material assistance or included into the Khmer Royal Armed Forces as those were who surrendered before 15 January.

Moreover, this statement was strict with Khmer Rouge politicians or soldiers who are captured by the government after 15 January; these persons will be automatically tried in accordance with "the bill outlawing the Khmer Rouge" and "those who have been found guilty of crimes such as murder and the destruction of state property will be tried in accordance with the offenses they have committed."

Analysts are of the opinion that, based on the real situation, a number of Khmer Rouge soldiers and people living under Khmer Rouge rule in remote areas have difficulties surrendering on time despite their intention of doing so. Therefore, the extension of the grace period is appropriate. The argument in favor of this is the massive surrender of Khmer Rouge troops in December 1994 and January 1995.

However, political groups and Khmer Rouge troops in cities and townships who refused to surrender by 15 January should not be pardoned because they clearly have the intention of prolonging the war.

Naturalization Permit Given To PRC Nationals

BK2401070795 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 23-24 Jan 95 pp 1, 5

[FBIS Translated Text] According to a Ministry of Interior report, the Ministry has granted temporary Cambodian nationality to a number of Chinese nationals. These Chinese nationals are merchants and investors who have applied for Cambodian citizenship

An Immigration Department official who asked to remain anonymous showed REAKSMEI KAMPUCHEA the documents which included copies of the border entry permit, visa, identity cards, and other documents of Chinese who have applied for Cambodian citizenship. The permits issued by the Ministry of Interior were signed by a state secretary for the Interior.

This police official presented a temporary naturalization permit that did not have an expiry date. He stressed that he did not know how much money they must pay to get the permit. However, he disclosed that some have applied for it in 1994 and had just obtained approvals after waiting for a year.

It should be noted that the National Assembly has not debated the nationality law yet. Moreover, the law does not have any clause on the naturalization issue. Article 21 of the Immigration Law says "The first residential permit will be valid for two years. Residential permit may be renewed every two years". Therefore, all aliens are allowed to stay in Cambodia for two years at a time only.

Some Cambodians mock this temporary nationality permits issued by the Ministry of Interior for the Chinese as premature, as the nationality law has not yet been finalized.

Many sectors of the public have criticized the Ministry of Interior, saying that it should not have given such permits so hastily as the law has not yet been approved. This is because such actions might become a violation and even an offense.

Although it is just a temporary permit, the ministry should take each step according to the law. There might be adverse consequences in the future in taking such an action when the law has not yet been approved. At present, the Chinese tycoons (the rich) are applying for Cambodian nationality. But in the near future, some Chinese gangsters might pose as traders to apply for naturalization. This is because there have been reports that gangsters from mainland China are flowing into Cambodia.

KR Condemns Authorization for SRV Immigrants

BK2401042795 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 23 Jan 95

["Communique" issued by the spokesman of the Ministry of Immigration of the Provisional Government of National Union and National Salvation on 23 January; place not given—read by announcer]

[FBIS Translated Text] I. The nation-selling Phnom Penh clique of communist Vietnam's lackeys—through the offices of communist Vietnamese police chief Sar Kheng—has announced the authorization for more Vietnamese to freely immigrate to Cambodia.

II. On behalf of the Provisional Government of National Union and National Salvation [PGNUNS] representing the Cambodian nation and people, the spokesman of the Ministry of Immigration Dealing with the Problem of Vietnamese Immigrants in Cambodia again most strongly condemns this flagrant attempt by communist Vietnam to swallow up Cambodia. The PGNUNS has on many occasions made clear analyses and denunciations of communist Vietnam's demographic war. In settling four million of its people in Cambodia and continuing to pour more of them into this country, communist Vietnam has violated both international law and the UN Charter, violated the 1949 Geneva Convention, and trampled on the Cambodian people's fundamental right to self-determination.

In its all-out war of invasion and aggression from the end of 1978 to 1991, communist Vietnam sent 1.5 million Vietnamese to Cambodia as its military force to wage a war against and occupy Cambodia and also as a human force to gobble this country up. From 1991 to 1993, when UNTAC [UN Transitional Authority in Cambodia] and the villainous alliance were strangling Cambodia by arbitrarily implementing the Paris agreement, Vietnamese nationals inundated Cambodia like water from a broken dam, bringing the number of ethnic Vietnamese in Cambodia to three million. When communist Vietnam and the alliance merged their puppets together to form the current two-headed governmment, more Vietnamese nationals continued to flood into the country, increasing the number to four million. As the Vietnamese war of aggression had not ended yet, the villainous alliance then joined hands with communist Vietnam to continue to stoke this war. This was the ultimate windfall for communist Vietnam as, on the one hand, it could carry on a military war and, on the other, it kept speeding up the immigration of more Vietnamese by land, via the rivers, by sea, and through jungle trails and various border passes without any letup. Meanwhile, it ordered the two-headed government to issue fascist laws to outlaw patriots, remove patriotic ministers, close down newspapers, assassinate journalists, announce that it would use the armed forces to suppress the people, and so on. It also dragged Ranariddh into helping it in whatever ways it wanted to faciliate its attempt to gobble up Cambodia legally.

Sar Kheng's announcement is another greelight for communist Vietnam to speed up its Vietnamization of Cambodia in terms of territory and so on. It also more clearly shows that two-headed Hun Sen, Chea Sim, and Sar Kheng are pure Vietnamese in body and soul; not a single part of them is Cambodian.

III. The ethnic Vietnamese must leave Cambodia unconditionally. The Cambodian people have all the right to fight in defense of their lives, territory, resources, and race. The Cambodian nation and people are determined never to allow communist Vietnam to dissolve their territory and race either through military or demographic warfare. The Cambodian nation and people have waged a struggle for the past 16 years and have survived. At the same time, the Cambodian nation and people also clearly see the danger from the continued war of aggression of communist Vietnam, because it is through this war that communist Vietnam has been abled to pour its people into Cambodia.

Clearly realizing this danger, the Cambodian nation and people in the countryside, the cities, and abroad and from all walks of life and social strata have become more resolute in stepping up the struggle in all forms to end the communist Vietnam's war of aggression and achieve genuine national reconciliation and peace as soon as possible. The situation of the present struggle is excellent, while the situation of the two-headed government is desperate. None of its bosses, be it communist Vietnam or the villainous alliance, can save it. The Cambodian nation and people will surely attain this aim of genuine national reconciliation and peace!

23 January 1995
The Spokesman of the PGNUNS Ministry of Immigration Dealing with the Problem of Vietnamese Immigrants in Cambodia

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KR Spokesman Rejects Agreement With SRV

BK2101093495 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 20 Jan 95

["Communique by the Spokesman of the Foreign Ministry of the Provisional Government of National Union and National Salvation"; dated 20 January; place not given—read by announcer]

[FBIS Translated Text] 1. The two-headed government, out-and-out lackey of communist Vietnam, recently signed a new agreement with the Hanoi communist Vietnamese most barbarously violating Cambodia's sovereignty, independence, and territorial integrity, and legitimizing the presence of 4 million Vietnamese nationals, allowing the latter to continue living in Cambodia so as to annex Cambodia and transform the country into a second Kampuchea Kraom [former Cambodian territory now part of south Vietnam].

With reference to the past, present, and future, the Provisional Government of National Union and National Salvation [PGNUNS], along with the nation and people, would like to solemnly and categorically denounce and reject as null and void this new agreement and other agreements signed between communist Vietnam's puppets and communist Vietnam in violation of Cambodia's sovereignty, independence, and territorial integrity in an attempt to exterminate the Cambodian race through both a demographic and a military war.

Communist Vietnam has no right to sign any agreement with the traitorous two-headed government on Cambodia's sovereignty, independence, and territorial integrity. Communist Vietnam has to absolutely respect Cambodia's sovereignty, independence, and territorial integrity, which were legally defined on a 1:100,000 scale map in 1954 and which were internationally recognized between 1963 and 1969. Communist Vietnam has to have total respect for the maritime border that has been officially set by the (Brevier) line in 1939. Communist Vietnam has to return to Cambodia all the land, sea, and islands annexed since 1979. The October 1991 Paris agreement clearly demanded that the SRV, as well as other signatories of the Paris agreement, must have total respect for Cambodia's sovereignty, independence, and territorial integrity and must not interfere in Cambodia's internal affairs in any way.

2. Communist Vietnam has no right to bring in Vietnamese nationals to settle in Cambodia through its war of aggression. Communist Vietnam has to respect international law, the UN Charter, and the Paris agreement. The Geneva 1949 treaty totally prohibits Communist Vietnam, in its role as aggressor against Cambodia, from sending Vietnamese nationals to settle in Cambodia.

The traitorous two-headed government has no right to grant Cambodian nationality to Vietnamese nationals, who are the forces of the communist Vietnamese aggressors in Cambodia. According to international law, all Vietnamese nationals living illegally in Cambodia have to be deported to Vietnam without any conditions. Communist Vietnam has to accept all these Vietnamese nationals.

3. Countries the world over are currently taking all kinds of measures to prevent foreigners from illegally living in their countries. In particular, it is noteworthy that the ASEAN countries, Hong Kong, China, Australia, and Germany are immediately expelling tens of thousands Vietnamese back to Vietnam. All these countries have also taken concrete measures to force the Hanoi communist Vietnamese to accept these Vietnamese nationals. This is to protect the interests of these countries and to prevent Vietnamese nationals, even in small numbers, from carrying out robbery, creating insecurity, and taking away jobs form these countries' citizens.

4. Four million Vietnamese in Cambodia are a great danger to the Cambodian nation, people, and race. These Vietnamese nationals are Vietnam's aggressor forces in Cambodia annexing Cambodia territorially and ethnically.

LIke other countries the world over, the Cambodian nation and people, along with the PGNUNS, stand on international law and have every right to defend their sovereignty, independence, and territorial integrity and solve the problem of 4 million Vietnamese nationals to safeguard the nation, people, and race.

The Cambodian nation and people and the PGNUNS appeal to peace- and justice-loving countries the world over to continue supporting this sacred right of the Cambodian people for the benefit of the Cambodian people and also for peace, security, and stability in the region.

20 January 1995
Spokesman of the PGNUNS Foreign Ministry

KR Spokesman Affirms Stance on Reconciliation

BK2101093895 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 20 Jan 95

["Clarification by the Spokesman of the Provisional Government of National Union and National Salvation"; dated 20 January—read by announcer]

[FBIS Translated Text] 1. The unwavering and constant stance of the Provisional Government of National Union and National Salvation [PGNUNS], has been, is, and will ever be to achieve genuine national reconciliation and peace so that the people have a chance to earn a living through working the land and trading to build the country in peace.

The PGNUNS has been fighting for 16 years against the communist Vietnamese enemy aggressors and race exterminators for this goal. It has struggled with UNTAC [UN Transitional Authority in Cambodia] so that UNTAC implemented the Paris agreement with four parties and not just with two parties to achieve this goal. It has struggled against the two-headed government and the villainous Western alliance, who continue to fuel the communist Vietnam's genocidal war to achieve genuine national reconciliation and peace.

In other words, the PGNUNS has made efforts to persistently struggle and dare to do everything for the nation and people to safeguard the nation so that it is not dissolved like Kampuchea Kraom [former Cambodian territory now part of southern Vietnam], which is in the grip of communist Vietnam.

2. Without the struggle of Democratic Kampuchea and the Cambodian nation and people, Cambodia would have disappeared into the belly of the communist Vietnamese, like Champa [former country of the Cham people now part of central Vietnam] and Kampuchea Kraom; no one would have talked about this anymore. There would have been no FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], no Ranariddh, no monarchy, and no kingdom. There would have been only communist Vietnam and communist Vietnam's puppets dictating everything within the framework of communist Vietnam's Indochinese federation.

However, due to the struggle of Democratic Kampuchea and the Cambodian nation and people, old and new enemies have been dealt successive blows. The communist Vietnamese enemies have been defeated. UNTAC and the alliance, who implemented the agreement (?leaving out) Democratic Kampuchea and killing Cambodia, have also been defeated. The two-headed government too has been defeated. The two-headed government is disintegrating and is in great panic. Politically, militarily, economically, financially, and socially, it is crumbling. The villainous alliance is at an impasse and is bogged down even further. The alliance provided the money to the two-headed government; this money went to Vietnam and its puppets. As for FUNCINPEC, puppets of the United States, it only got an empty shell. Communist Vietnam and its puppets, with their pockets full of money, get stronger and are further trampling on the head of the U.S. puppets. They even sleep with their legs resting on the head of the alliance. This is the clever idea of the alliance.

3. Look at the experience of FUNCINPEC with communist Vietnam's puppets. Does this have anything to do with national reconciliation and national union? Nothing at all. It is like putting a rat in a cat's cage to let the cat tear away at the rat. Communist Vietnam and its puppets—Hun Sen, Chea Sim, and Sar Kheng—are monopolizing everything. The legislative, executive, military, police, and civilian administrations are all in their hands. They are fascists in the legal sector and also in the armed forces. They murder journalists and those who stand in their way. They have threatened the king.

4. The situation now clearly confirms that Cambodia has remained in existence to this day because of the struggle by Democratic Kampuchea in cooperation with the nation and people. Without Democratic Kampuchea, there would have been nothing left. There would have been no nation, no people, no race, no territory, no traditions, no culture, and no literature. There would have been nothing.

Democratic Kampuchea and the Cambodian nation and people clearly realize that this is no illusion but the real situation. This is why genuine national reconciliation and peace should be achieved. This is the only way to safeguard the Cambodian nation, people, and race.

20 January 1995
PGNUNS Spokesman

Khmer Rouge Cabinet Meeting Assesses Situation

BK2401034795 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 23 Jan 95

["Press Communique" issued by the Secretariat of the Provisional Government of National Union and National Salvation Cabinet on 23 January; place not given]

[FBIS Translated Text] The cabinet of the Provisional Government of National Union and National Salvation [PGNUNS] held its weekly working session on Monday, 23 January, under the chairmanship of His Excellency Khieu Samphan, prime minister and minister of the National Army, with the participation of all members.

I. The cabinet of the PGNUNS has clearly observed that communist Vietnam's war, which continues to be stoked by communist Vietnam, the alliance, and the two-headed government, has plunged Cambodia's all-around situation into an extremely serious national and social crisis. Communist Vietnam's more than 16 year-long war of aggression and genocide against Cambodia continues to rage, as its relentlessly massacre against Cambodians. More than four million ethnic Vietnamese are swallowing up Cambodia and more ethnic Vietnamese are swamping this country like black ants. Communist Vietnam is occupying our territory by the tens of thousands of square kilometers. The traitorous clique of Hun Sen, Chea Sim, and Sar Kheng and other communist Vietnamese puppets have become extremely fascist and corrupt. Cambodians who have been suffering in the bloodbath for the past more than 16 years are now experiencing deadly hunger as the situation has deteriorated into general starvation. With a nod from the clique, old and new aggressors are seizing, grabbing, pillaging, and plundering our national resources, such as fish, forest, seas, islands, rivers, ponds, and lakes. All kinds of social diseases, especially AIDS, are spreading in pandemic proportions and are killing adults, children, and babies alike. Our nation faces destruction now and finds itself on the verge of becoming another Kampuchea Kraom [ancient Cambodian territory annexed by Vietnam in the 17th century].

This is Cambodia's dark and hopeless situation resulting from communist Vietnam's more than 16-year-long war, which is also a demographic one, waged by its four million ethnic Vietnamese.

II. In the face of this situation, the traitorous clique of Hun Sen, Chea Sim, and Sar Kheng and the two-headed government have only indulged themselves in betraying the nation. They have been serving as the tools of war, as the out-and-out lackeys of communists Vietnam and the warmongering alliance. They are stooping lower and lower to serve the war policy of their bosses by continuing to stoke the flames of war, sabotaging national reconciliation, undermining peace, and starving and massacring the people.

This is most obvious. Everybody who sees it is aware of it and everybody opposes the clique resolutely.

III. Experience over the past 16 years has clearly vindicated this truism: In order to save our nation, people, and race, we can rely only on our own nation and people united in a multiform and widespread struggle. If our nation and people had not united in the persistent struggle, fighting again and again for the past more than 16 years, Cambodia, both in terms of territory and race would have already dissolved like a grain of salt and long become a slave of communist Vietnam. Therefore, based on this truism, it is imperative that our entire and whole Cambodian nation and people continue to take part in a joint and persistent struggle, fighting in all forms and by all means enthusiastically. In this way, our nation and people will surely be able to achieve genuine national reconciliation, realize genuine peace, put an end to communist Vietnam's war of aggression, and save and perpetuate our Cambodian race.

Everywhere, both in Cambodia and the world, nation-selling and nation-killing traitors and aggressors can never escape from being swept away and discarded into the trash can of history. Now, they are suffering in all areas. They have already reached the threshold of their doom and total collapse.

The entire Cambodian nation and people, both in the countryside, in Phnom Penh, and abroad, including the seven million peasants, the students, the functionaries, and the political personalities who have clearly seen that the situation has become extremely critical and dangerous to the Cambodian nation and race, have united and are uniting in a heroic struggle to deal more blows to the clique in all directions. The clique have become extremely isolated. They have managed to survive only thanks to the help of all types of Vietnamese forces.

As for communist Vietnam, it is reeling under the smashing blows of our entire Cambodian nation and people and is tottering on the verge of collapse.

IV. The obvious trend is that the traitorous nation-killing clique will be junked and destroyed in the not-too-distant future. The Cambodian nation and people who have been waging a most persistent struggle and who have been earnestly calling for genuine national reconciliation and genuine peace will surely triumph. The resistance force fighting for national reconciliation and peace is very powerful. Nothing will be able to withstand the resolute force and aspiration of the Cambodian nation and people who have been persistently fighting for national salvation and racial survival.

Monday, 23 January 1995
The Secretariat of the PGNUNS Cabinet

KR Claim Battambang District Seat Seized 22 Jan

BK2301134795 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 23 Jan 95

["Special Report from North Battambang Battlefield"]

[FBIS Translated Text] The National Army of Democratic Kampuchea [NADK] has smashed and completely occupied the Thmar Koul township.

On the night of 22 January, our National Army on North Battambang Battlefield raided and destroyed the Thmar Koul township, the seat of Battambang District. Our army organized the attack as follows:

Our first prong attacked the building office of Battambang District; our second prong smashed and wiped out the traitorous two-headed administrators along Route 5 between Kbal Thnal Ta Pu and Thmei and Russei villages; and our third prong attacked and smashed the traitorous two-headed administrators in areas between Kbal Thnal Ta Pu and Ang village.

After a 30-minute battle, we completely controlled the three directions. As a result, we killed eight enemy elements and wounded 15 others, set the Battambang district seat on fire all night long, and destroyed two office buildings of the district police unit and more than 100 places belonging to all manner of enemies. We seized a significant quantity of guns, ammunition, and war materiel and wiped out or swept away the traitorous administrations at the following six villages in Ta Men commune: Kouk Kduoch, Ang Khang Cheung, Ang Khang Thbong, Samraong Dach, Kouk Troap, and Thmei.

Our National Army is currently further occupying the Thmar Koul township and the six villages.

Cruel routed soldiers, policemen, and administrators fled for their lives along with the Thmar Koul township's residents to Battambang Town. Some people joined us while others were forced at gunpoint to proceed to Battambang Town, causing the town to become terribly crowded.

Indonesia

Alatas on Setting Up ASEAN Peacekeeping Force

BK2301153095 Jakarta ANTARA in Indonesian 1413 GMT 23 Jan 95

[FBIS Translated Text] Jakarta, 23 Jan (ANTARA)—Foreign Minister Ali Alatas said Indonesia is still considering the possibility of setting up an ASEAN peacekeeping force under UN auspices.

"The core of the issue is that we are still thinking about the idea to set up an ASEAN's joint force to respond to the UN's request, if any, and to assist in the UN peacekeeping operations," Alatas told journalists at the Foreign Ministry in Jakarta on Monday [23 January].

The proposal was presented during Singapore Defense Minister Lee Boon Yang's visit to Malaysia last week. During his talks with Malaysian Defense Minister Najib Tun Razak, Lee said that Singapore had agreed in principal to the setting up of an ASEAN peacekeeping force.

Alatas said the objective of setting up the ASEAN joint force is to coordinate the dispatch of troops from the six ASEAN member countries—Indonesia, Malaysia, Singapore, Brunei Darussalam, Thailand, and the Philippines—to participate in the UN peacekeeping operations.

Alatas said that currently all ASEAN member countries send their peacekeeping forces individually.

"When there was a request for peacekeeping operations [preceding two words in English] in Bosnia, Indonesia, and Malaysia sent their forces separately. Perhaps it would be cheaper and more efficient if we joined forces," he said.

Alatas said that a coordinated team of officials from the Politics and Security Ministry, the Armed Forces of the Republic of Indonesia, and the Foreign Affairs Ministry will have to be involved in the debate on the pros and cons of the setting up of an ASEAN peacekeeping force.

Minister Says Nuclear Power To Benefit People

BK2301031795 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 23 Jan 95

[FBIS Translated Text] Research and Technology Minister B.J. Habibie says the planned construction of a nuclear power plant in Muria, Jepara District, Central Java, is not an experimental project, but something that will benefit people. A blueprint for the project was drawn up 20 years ago. This includes the technology to be used and the expected social impact of the project on the local community. People should not be alarmed at the presence of the plant, which will have the least impact on them.

Minister B.J. Habibie said this in Semarang after the opening of a seminar on women affairs organized by ICMI [Indonesian Muslim Intellectuals Association]. However, the construction of the nuclear power plant will be the last resort taken by the government which will consider the growing need for electricity. The plant will be built in anticipation of an increase in electricity demand in the future.

Army Discounts Security Threat in Irian Jaya

BK2101094095 Jakarta ANTARA in Indonesian 1858 GMT 20 Jan 95

[FBIS Translated Excerpt] Jakarta, 20 Jan (ANTARA)—Brigadier General Sridono, chief of staff of the 8th Trikora Military Region, has said that remnants of the GPK [Security Disturbing Movement—Indonesia's official term for the Free Papua Movement or OPM, fighting for a separate state in Irian Jaya Province], now hiding in the Irian Jaya mountains and jungles, no longer pose a serious threat despite their efforts to resurface.

He said that any appearances of the GPK coupled with various acts of violence to threaten security will be contained by ABRI [Armed Forces of the Republic of Indonesia] units in the region. Their activities will not have any result because their efforts are only day dreams.

Sridono told ANTARA in Manokwari on Friday that the ABRI units in the region will remain alert despite the absence of the GPK's activities, because the GPK has charted a long-term plan to achieve its policy.

He said that the Irian Jaya people, particularly those living in border areas have become more aware of the need to help one another to achieve stability.

"People no longer want to live miserably in the jungles, but they want to help the government to undertake development in various fields and have started to enjoy the fruits of their efforts," he said.

The 8th Trikora Military Region Command has turned a number of hinterland villages into "ABRI-built villages" to prevent people from being instigated by the rumors spread and the sweet promises offered by the GPK.

The ABRI-built villages are scattered in the hinterland of Paniai, Merauke, Jayawijaya, and Jayapura bordering on the neighboring Papua New Guinea because many of the villagers there are living in their traditional way.

The criteria set by the ABRI in selecting the villages include their proximity to the border and their inaccessibility by land, thus leaving them vulnerable to the GPK's influences.

According to the chief of staff of the 8th Trikora Military Region, territorial development in Irian Jaya is unique and is manifested in the development of villages, particularly those situated in the hinterland.

He added that any GPK members who repent and decide to return to society will be accepted and will not be prosecuted in accordance with the ABRI commander's order. [passage omitted]

Suharto's Remarks on Conglomerates' Role Viewed

BK2301130395 Jakarta SUARA KARYA in Indonesian 23 Jan 95 p 5

[Editorial: "The Role of the Conglomerates"]

[FBIS Translated Text] Last Saturday [21 January], President Suharto explained that the conglomerates contribute to the country's economic well-being. The president has seldom issued any explanation regarding the positive role of the conglomerates. From his remarks, we can see that the president is concerned about public discussion and popular sentiment regarding the conglomerates.

The public has constantly accused the conglomerates of only seeking huge profits. With their strong financial base, the conglomerates penetrate almost every economic sector—production, distribution, and even marketing. As such, they and their associates monopolize the markets. They determine the price of commodities at will, ignoring government directives and public pressure.

The public has constantly accused the conglomerates of not being nationalistic. They amass wealth here and channel it abroad. They would definitely make a swift exit if social unrest broke out in the country.

A negative outcome will be inevitable if such discontent is allowed to spread further. The widening economic gap will further distort the situation. As a result, social discontent will swell further. This will definitely transform into negative feelings toward a particular ethnic group, which could eventually spark a race riot. This would definitely harm national stability and solidarity. Therefore, the president felt the urgent need to explain the role of the conglomerates.

It is necessary for huge industries to participate in the country's economic activities in this era of globalization in order to compete against other global economic giants. Without the conglomerates, we would unquestionably be in no position to compete against the international economic giants with their strong financial bases, worldwide business networks, modern technology, and efficient and experienced production techniques.

Apart from this, the conglomerates also provide employment, which in turn lifts the people's living standard and contributes to national development through the taxes they pay to the government. The president said: "Indonesia has made progress because of its resources such as the conglomerates." In nullifying such perceptions as "our development only benefits a few wealthy people and we fear our economy will be monopolized by them," the president emphasized that the government has the right to control them in accordance with the laws and regulations. In 1990, for example, a decision was made that the conglomerates should hand over at least 20 percent of their shares to cooperatives in an effort to boost the people's well-being. The conglomerates were also urged to assist in developing small-scale industries through the "adoption program." The president added: "Therefore, it is obvious that we can determine the people's level of prosperity. As such, we need not be unduly worried."

We are relieved by the president's explanation, which provides the answer to our gnawing concern over the people's well-being. We hope that the president's explanation has eased the social disparity that can sometimes be misinterpreted by society. Nevertheless, we also hope that the conglomerates realize the need to comply with the government's directives.

Rice Imported from Vietnam, Thailand, Others

BK2301141495 Jakarta ANTARA in Indonesian 1035 GMT 23 Jan 95

[FBIS Translated Excerpt] Jakarta, 23 Jan (ANTARA)—A total of 170,000 tons of rice have been imported through the Tanjung Priok Port in Jakarta since January 1995. The imported rice is for meeting the city residents' high demand during the Muslim's holy month of Ramadan and the festive season following it.

Sunarjo, administrative officer of Tanjung Priok Port, said on Monday that the rice imports were delivered in about 15 ships from Vietnam, Thailand, Pakistan, and Burma. Presently, the bags of rice are in the process of being unloaded from four ships, adding that one ship had been cleared of its contents already. The port authorities are giving priority to the unloading of the rice bags such that an average of 2,000 are unloaded every day. [passage omitted]

Influx of Foreign Investment Causing Concern

BK2401110095 Jakarta SUARA PEMBARUAN in Indonesian 23 Jan 95 p 4

[FBIS Translated Text] Jakarta, 23 January—I. Nyoman Moena, an economic observer, said Indonesia is currently facing difficulty in limiting the inflow of investments by foreign investors wishing to invest in the country following trade and investment liberalization.

Nyoman Moena said this in Jakarta on Sunday [22 January] regarding the skepticism voiced by certain national industrialists on the inflow of investments, particularly regarding the presence of the United States giant industry, General Electric (GE) in Indonesia, which has a joint venture program with PT [private company] Sinar Angkasa Rungkut (SAR).

He said: "There is no reason whatsoever to repress the inflow of investments, and we have no ability to obstruct the investment inflow because we had agreed on liberalized trade and investments as laid down in the Bogor Declaration (Asia-Pacific Economic Cooperation meeting) last year."

As acknowledged, GE and SAR had established a joint industry, PT General Electric Angkasa Lighting (GEAL) in Surabaya in mid-1994 with a $21 million investment. The industry's projected annual production capacity for the first year was expected to stand at 60 million units of neon and electric bulbs.

According to PT SAR, the company itself will sell 40 percent of its shares valued at 62 billion rupiah to the public through the stock exchange. The receipts from the sale of the shares will be augmented toward the industry's expansion.

Meanwhile, Philips, the world-renowned industry for the production of electrical and electronic appliances, plans to expand its electric light bulb production in Indonesia by applying the Ribbon technology. The annual production capacity is projected at approximately 400 million units of various types of electric light bulbs.

Philips, the Netherlands-based multinational industry, is currently in the process of constructing a new industry in Surabaya with a total investment of $50 million. The industry's annual production capacity is approximately 400 million units of light bulbs or nearly double the demand by the local market. The domestic market for electric light bulbs is currently dominated by 21 industries, including the Philips industry. The annual local market demand for electric light bulbs stands at approximately 250 to 300 million units.

L.W.M. Snijders, the chief executive for the Indonesia-based Philips Group, said since mid-1994 the group had begun the development of the electric light bulb industry with the application of modern technology through one of its subsidiaries, Philips Radin Electronics, at the Rungkul Industrial Zone in Surabaya. It was considered that the new industry at the Rungkul Industrial Zone as one of the biggest in the Asia-Pacific region with an annual production capacity of 300 million units of electric bulbs. The industry employs 1,500 workers.

He added that by applying the Ribbon technology, the industry has the capability of producing 920 units of electric bulbs per minute and the product will be competitive in international markets. The industry plans to export a major portion of its products in international markets.

Thailand

Army Chief on Responding to Cambodian Accusations

BK2201105895 Bangkok THE SUNDAY NATION in English 22 Jan 95 p A2

[FBIS Transcribed Text] Thailand will be more aggressive in responding to Cambodian accusations in future, Army Chief Gen Wimon Wongwanit announced yesterday.

Wimon said agreement was reached at a meeting of the chiefs of the three armed services and top executives of the ministries of interior and defence at the Foreign Ministry on Friday. Such a gathering occurs only rarely.

The Foreign Ministry will be responsible for implementing the new guidelines, he said.

Wimon said the meeting discussed the need for a common approach in responding to accusations by Phnom Penh against Thailand.

"I think there should be common understanding (among all relevant agencies) about border operations, especially along the Thai- Cambodian border," he said. He did not give further details.

It was the second special meeting called by Foreign Minister Thaksin Chinnawat to discuss the Cambodian situation. At the first, officials from concerned agencies looked into the killings of Thai loggers in Cambodia in December.

Similar meetings used to be held regularly when tensions rose along the border during the civil wars in Cambodia in the mid-1980s when Sitthi Sawetsila was foreign minister.

In the latest of a series of allegations from Phnom Penh, a Cambodian minister accused Thailand of contributing to the degradation of the environment in Cambodia through logging.

The accusation drew a sharp response from Foreign Minister Thaksin Chinnawat who responded on Friday that it was the Cambodian government that granted the concessions and that taxed every truck of logs.

Government policies towards Cambodia have been noticeably tougher since Thaksin took over the foreign office.

The new foreign minister pulled no punches when he visited Cambodia in December, shortly after his appointment, amid criticism that his trip was linked to his business interests in Cambodia.

The former telecommunication tycoon invested millions of dollars setting up a subscription television service in Cambodia which received a controversial 99-year monopoly from the previous Hun Sen government.

The licence given IBC Cambodia, a subsidiary of Thaksin's Bangkok-based International Broadcasting Corporation, has been reduced to 30 years by the present government but the new agreement has yet to be signed.

During the trip, Thaksin demanded the Cambodian government pay compensation to two Thai-owned airlines operating in Cambodia whose licences were recently revoked.

After his return, Thailand refused Phnom Penh's demand for the return of coup fugitive Gen Sin Song following a four-month legal stand-off over whether to send him home or to a third country.

Thaksin said yesterday that he expected a third country would accept Sin Song very soon. He also said the Foreign Ministry would make efforts to improve bilateral economic cooperation.

Wimon on Cambodian, Burmese Border Situations

BK2401134795 Bangkok Radio Thailand Network in Thai 1200 GMT 24 Jan 95

[FBIS Translated Text] Reporting on the situation along the Thai-Cambodian border, Army Commander General Wimon Wongwanit said there have been no serious incidents as a result of the joint operations carried out by local Thai military units and Cambodian commanders. These efforts have succeeded in solving several problems, especially banditry, which has decreased considerably. Gen. Wimon believes the situation along the Thai-Cambodian border will improve greatly with the success of the measures taken by Cambodia to develop its armed forces, notably by cutting down the number of troops and preparing them for future careers once they are discharged.

Concerning the suppression of ethnic groups by the Burmese Government, Gen. Wimon said there will be no problem as long as there is no intrusion into Thai territory. He said the Army has developed plans to halt any intrusion and prevent a spillover into Thai territory.

* Logging Firm Pays Taxes to KR, Government

95SE0072A Bangkok THAN SETTHAKIT in Thai 21-23 Dec 94 pp 1, 19

[FBIS Translated Excerpt] [Passage omitted] Mr. Burapha L. Phatnaphong, the managing director of the BLP Import-Export Company Ltd., a logging company that is a subsidiary of the L. Phatnaphong Company in Ubon Ratchathani Province, granted an exclusive interview to THAN SETTHAKIT after the killing of 22 of the company's workers in Preah Vihear Province, Cambodia. He said that the killings were committed by a Khmer Rouge [KR] group in that area. They did that because the BLP Company received a logging concession from the Phnom Penh government, with the value of the logging concession estimated at approximately 1 billion baht. The BLP Company has paid a concession fee and other fees to the Phnom Penh government. But various Khmer Rouge forces in the area have demanded payment, too, and the company has paid them. It has, however, paid them less than the amount paid to the Phnom Penh government. That's because they are not a party to the agreement. That has upset the Khmer Rouge, who have demanded that they be paid the same amount as that paid to the Phnom Penh government.

Mr. Burapha, whose nickname is "Sia Kao," admitted that his company has had to make direct payments to the Khmer Rouge and to various forces present in the area. But altogether, the amounts paid are less than those that have been paid to the Phnom Penh government. This is what has upset certain Khmer Rouge groups. That is, the payments were not equal. They have sent warnings to the company several times demanding an equal share. This is similar to what happened during the time of Mr. Bunchai L. Phatnaphong, his older brother, who was assassinated in Cambodia.

Mr. Burapha talked about what happened on the day that the workers were killed. He said that on that day, he was overseeing operations in Ubon Ratchathani Province. A group of approximately 20 Khmer Rouge troops entered the company's logging area. But when they learned that he wasn't there, they ordered all the Thai workers to gather and allowed them to eat lunch together. Shortly after that, they received orders from their commander to kill all the Thai workers. Six workers managed to flee to safety, but some were injured.

He said that the Cambodian Government must take responsibility for what happened, because the company has a legal logging concession with the Cambodian Government. The only thing that his company is guilty of, if anything, is taking workers out of the country without permission. As for continuing the work, another agreement will probably have to be worked out with the Cambodian government concerning the safety of the workers sent to work in Cambodia. The company will request that Cambodian Government soldiers be sent to provide protection. Also, the Thai military will be informed. The same location, that is, the Annama Pass, will be used to bring logs into Thailand.

"The logging concession that the company has received from the Cambodian Government in Preah Vihear Province is worth an estimated 1 billion baht. Operations got underway in October 1994. The company had been carrying on operations for only about 20 days, or on only about 10 percent of the concession area, when these Thai workers were killed," said Sia Kao.

A news source in Thai-Cambodian business circles said that those who receive logging concessions in Cambodia have to pay the Cambodian Government a fee of 800-1,000 baht per cubic meter. And they have to pay the Khmer Rouge 1,400 baht. The Thai Government has granted permission to open 12 temporary border transit points so that logging companies can bring in logs from Cambodia. These transit points are located in five provinces, that is, Ubon Ratchathani, Sisaket, Surin, Sakaeo, and Trat Provinces. [passage omitted]

Trade Office Accuses EU of Violating GATT

BK2401061295 Bangkok THE NATION in English 24 Jan 95 p B3

[Report by Chirawat Na Thalang and Wichit Chaitrong]

[FBIS Transcribed Text] The chicken business has created confusion on the Thai side which genuinely believes that the European Union has violated the multilateral trade agreement.

An official from the Foreign Trade Department accused the European Union [EU] of violating the multilateral trade agreements of the General Agreement on Tariffs and Trade (Gatt) by, she claimed, limiting the quota as well as raising the tariff rates against Thai poultry exports.

An EU official in Bangkok, however denied foul play over Thai chicken exports by countering that what the EU had done was a part of its efforts to comply with the multilateral trade agreement of the Uruguay Round by transforming all the non-tariff barriers into tariffs to comply with the Gatt principle on transparent trading rules.

Referring to the new tariff rate of 155.06 ECU per 100 kilogramme of boneless chicken meat from July, 1995, Daniel Descoutures, counsellor of the European delegation, told THE NATION that, "This was an agreement between the EU and Thailand under the Uruguay Round, whereby the EU schedule prepared for the new tariff was accepted by the Thai authorities."

According to the Thai accusation, the EU used the wrong method to calculate the volume of imported poultry into the market. According to Bunthipha Simasakun, deputy director general of the Foreign Trade Department, the union considered both "minimum access" and "current access" criteria for its calculation to allow an import of poultry.

The combination of the two calculation methods, according to Bunthipha, has made the permitted volume of poultry lower than what it should have been.

The EU should use "either minimum access or current access," she said. The application of one particular method would make the permitted imports higher than what was recently announced.

Under the new agreement which will come into force in July, 1995, Bunthipha said that Thailand might lose as much as 10,000 tonnes of the poultry market. This is because the EU will allow only 5,100 tonnes of Thai poultry to enter the market tariff-free this year. Imports outside the zero-tariff quota would be subject to a levy of 1,504 ECU per tonne, a rate which Thai officials described as, "a high tariff barrier which Thailand may not benefit from."

The EU official, however, argued that the new rate should benefit Thai exporters since it would make the tariff rates on Thai exports more predictable. "The new fixed rate will replace the various levies on Thai exports to the EU," Descoutures asserted.

In the past, the union protected its local producers by charging a special levy, which was subject to revision every three months. Moreover, the EU would charge an additional levy if it found the price of the imported product was lower than the "sluice-gate price" or the price set on imported poultry in order to protect the local producers.

The new rate is, therefore, more beneficial to Thai exports, the EU delegate said. Apart from the fact that the new rate is fixed and predictable, the tariff rate is also subject to a 36 per cent reduction over the next six years, in which the rate will come down from 155.06 ECU to 150.40 ECU per 100 kilogrammes.

Indeed, the matter started even before the Uruguay Round of trade negotiations concluded in 1993. The Uruguay Round, under the auspices of the General Agreement on Tariffs and Trade (Gatt), required members to transform all the non-tariff barriers, such as quotas and unpredictable levies, into tariffs to create fairness in the world trading system.

Boneless chicken meat exports were also subject to the Gatt requirements for transparent trading rules. Although Thai exporters had enjoyed a huge share of market in the EU during the past few years, at times they faced some uncertainties from the changing levy charged on poultry imported into Europe. The changing levy made it difficult for them to set export costs.

According to Descoutures, the EU calculated that, considering the quota and unpredictable levy, the tariff on imported poultry should be 155.06 ECU per 100 kilogrammes of chicken (or a levy rate of 750 Creen ECU per tonne plus 500 Green ECU as a special levy).

Descoutures stressed that the EU schedule prepared for the new tariff was already accepted by the Thai negotiators during the Gatt round. "Don't forget that the Uruguay Round is a result of a major political commitment from all the contracting parties," he said. The new EU tariff schedule, therefore, is considered a part of the attempt to reach the final accord. "It will be extremely difficult for all contracting parties if anybody tries to start discussions again."

The Foreign Trade Department, however, insisted that if the EU truly followed the minimum access calculation under the Uruguay Round, Europe should have allowed as much as 1.47 million tonnes of meat and 272,000 tonnes of poultry by the year 2000. Or else, if the EU applied the current access or calculated the tariffs from the year 1986-1988, it should have allowed 1.39 million tonnes of meat and 83,000 tonnes of imported poultry over the same period.

According to figures from the Thai authorities, the EU will allow only 29,000 tonnes of poultry to enter its market in 2000.

The EU official said that the figure was partially right. But what the Thai side failed to take into consideration was the price relations between the Thai boneless chicken meat and the broiler product in the union's market. Descoutures said that the price relation between the two products has not been adjusted for a long time and that has made the price of Thai exports lower than what it should have been.

The Foreign Trade Department, however, has plans to raise the issue at the World Trade Organization, the world trade governing body which, from this year, replaced Gatt. Bunthipha said that Thailand may join forces with the US, Brazil, Australia and New Zealand which are having the same problem, requiring the EU to open its market in line with the Gatt agreement.

At the moment, the different views on how to interpret the calculation method make it difficult to say which side is right. Thailand and other contracting parties, however, are expected to face similar problems on other sensitive goods such as rice and edible oil as a result of the hasty wrap-up of the Uruguay Round trade pact which covers almost every sector of business.

It would be difficult for all parties to overhaul the arrangements which were agreed during the Uruguay Round of trade negotiations. "It would not be helpful for anybody to try to open new discussions after the conclusion of the Uruguay Round. It will be unacceptable to the contracting parties (of the Gatt)," Descoutures said.

Descoutures suggested, "Why not let us implement the results of the Uruguay Round after all countries have ratified the agreement to see how it works, before starting discussions on the issue again."

* Finance Minister Describes Master Plan

95SE0069A Bangkok BAN MUANG in Thai 13 Nov 94 pp 1, 12

[FBIS Translated Excerpt] [Passage omitted] At the Melia Hotel in Hua Hin District of Prachuap Khiri Khan Province there was a seminar for the top administrators of investment companies chaired by His Excellency Tharin Nimmanhemin, the minister of finance. Mr Tharin spoke about the goverment's drafting of a master financial plan. This master plan for financial policy was the responsibility of the Finance Ministry through a committee which consisted of the Finance Ministry, the Bank of Thailand, and the Office of the Securities and Exchange Commission (K.L.T.). This committee met for the first time on 1 October 1994, and it was expected that the draft would be ready 60 days after the first meeting.

The committee was trying to complete this project by the beginning of next month. This master plan would make clear how the financial markets and securities markets would develope and would probably be in effect for a specific period of time. It could be used for more than five years, but at some point its period of applicability would be specified. This would depend on how long a time it was to be used. In any case with regard to this development plan, the finance minister said that the government would stress policies to develop four features. [passage omitted]

Mr. Tharin also said that the Finance Ministry was developing a master plan for financial markets which he felt would be ready before the end of the year. When it was ready it would be submitted to the cabinet for approval. It would consist of the following basic methods:

1. It would stress various financial policies which were being studied to provide more airtight control.

2. It would deal with the financial structure of the country and how it would be changed by the plan. A debt market had arisen and would probably develop appropriately. The framework for the development of the debt market would be specified, and there would be rules established for buying and selling, clear standards for registering, and regulations for taxes. This was considered to be important and urgent, and the Finance Ministry has assigned the K.L.T. to study it.

As for the OTC (the over-the-counter market is the purchasing and selling of stock outside the stock market), a clear structure would be adopted, and clear standards would be developed. The development of a financial structure involves mobilizing savings, both domestic and foreign, to deal with Thailand's present problems. Thailand had to depend on foreign savings. We would not neglect domestic savings and the government would set up a retirement fund. This would be proposed to the assembly at its next meeting. At present the retirement funds in Thailand provide the greatest benefits in Asia. We therefore had to establish great expectations for this.

3. Opening the financial markets would require establishing policy and establishing permitted types of activities. For example foreign securities firms which wish to invest in Thailand would require clear rules. At the same time if Thai securities firms wanted to do business abroad, the government would need to play a greater role in providing support so that they could expand into

other areas whether in the ASEAN group or in the future in the APEC group. This master plan would be able to respond to these problems. And he felt that in opening the financial markets we should stress freedom for the Thai people also.

4. With regard to the roles of the various types of financial institutions in supporting the policy of the government for bringing progress to the countryside and how they could help with the problem of this imbalance, investment companies would be able to put up to 160 branches in the countryside to provide credit. That would be in the first year. In any case progress was still concentrated in the big cities, and in the future we would study how to distribute credit offices more. In addition to what has been mentioned there were other kinds of development such as the village and subdistrict financial plans to aid the countryside.

5. The plan would stress the development of supervisory capabilities and regulations to control financial institutions. In this regard the Finance Ministry would have the K.L.T. do the supervision. In the future it would study how to increase the number of credit offices. This would have to be done in conjuction with the development of the private sector.

6. The plan would try to establish a financial framework and develop the basic factors, namely: capable civil servants and a code of ethics for individuals in developing their businesses in order to avoid losses for the public and the country. It is expected that with regard to this master plan for which the Finance Ministry is responsible, when permission is given by the cabinet, there will be another meeting of financial institutions and officials to discuss it. The Finance Minister said in closing that he expected that they would be able to put it into effect at the beginning of next month.

* Further on Finance Master Plan

95SE0069B Bangkok MATICHON in Thai 14 Nov 94 p 9

[FBIS Translated Excerpt] [Passage omitted] Finance Minister Tharin Nimmanhemin said that there were six features to the approach taken by the master finance plan: 1. It specified the area and the role for each type of financial institution in Thailand so that there were clear definitions of commercial banks, investment companies, securities companies, companies including banks which funded exports and imports, and foreign credit activities. It clearly specified the areas to be developed and how they would be developed. This would indicate the extent to which there would be universal banking.

2. It established the future financial structure for the country, how it would change and how it would develop. For example, if the debt market were to progress, the regulations would need to be clear and the tax system would need to be more complete. In the future there would need to be an OTC market and a minor market involved with agriculture. This was felt to be a way to mobilize domestic and foreign savings in order to deal with the lack of savings.

3. In opening the financial markets a period of time would be specified as well as the type of activities permitted. Thailand has given assurances to international trade organizations that in 1997 at least five offices of representatives of foreign banks in Thailand could be raised to the level of complete branches. But there was a question of whether the master plan allowed foreign banks to expand their branches or not, whether it permitted foreign securities companies to come in, and how foreign credit activities might be supported as financial centers in the countryside. In addition, the plan specified ways to draw Thai financial institutions into operations abroad to support cooperation with neighboring countries in ASEAN and APEC.

4. The plan would take into consideration the roles financial institutions might play in supporting the policy of bringing progress of all kinds to the countryside. For example they might be permitted to set up offices to provide credit. In the future there would be an attempt to have them expand into other provinces. There was a policy to develop a financial plan for villages also.

5. They had to make officials more capable and specify a way for more cooperation between the state and the private sector so that financial institutions would discuss things more with officials. At present only the Thai Banking Association played such a role. The others did not.

6. They would try to establish frameworks for those elements which were at the heart of the financial system, namely the administrative system and the development of individuals so that the present problems did not continue.

Three Firms Launch Commercial Internet Services

BK2301075195 Bangkok BUSINESS DAY in English 23 Jan 95 p 3

[Report by Satharat Kanchanasakun]

[FBIS Transcribed Text] The number of Internet subscribers in Thailand is expected to rise with the launching of three commercial Internet services early next year. The Communications Authority of Thailand [CAT] has interests in all three services.

The Internet Commerce Group said the service enjoys very strong growth in Thailand. Internet is by far the world's largest public computer network, with millions of users worldwide. It is said since 1993 the service has grown 334 percent in Thailand, compared with 204 percent in Malaysia and 45 percent in Singapore. There are already more than 1,200 computers on line with ThaiSan out of a total of 23,000 registered Internet users in Thailand.

The company is in a joint venture, called Internet Thailand Co Ltd, with the National Electronics and Computer Technology Center [Nectec] and the Telephone Organization of Thailand. CAT also has teamed up with Assumption University (ABAC), Thai Sugar Mill and Ban Chang in a group called Comnet, and is in the third joint venture called Loxley Information Co.

The services are not expected to be available until early next year because CAT and its partners are still discussing fees.

Phirat Thatchayaphong, the director of Nectec, said: "The fees should not be too high because we were providing internet database accesses. Both Loxley and CAT will hold 35 percent each in Loxley Information Co, while the remaining 30 percent is owned by small shareholders.

The third internet provider called Loxley Information Co, with a registered capital of 14 million baht, will maintain local databases as well as international database access services through Internet. Regarding the gateway to Internet for Loxley Info, Mr Wiwatwong Wichit-Wadakan, Managing Director of Loxley Information Co, said "We may set up our own Internet gateway or rent the bandwidth from other provider. It depends on cost and performance."

Mr Wiwatwong said that basic Internet services can be provided by any entity. The competition will therefore be based on quality of service, customer support, reliability, network performance and overall customer satisfaction. This is the area that will differentiate Loxley Information from the rest of the crowd, he said. In the end, users will benefit from this upcoming competition.

Prof Phirat said CAT and TOT joined Nectec in Internet Thailand Co Ltd to offer a commercial Internet service to businesses and the public.

Nectec will hold a 50 percent interest and CAT and TOT will have Z5 percent each, to prevent "monopolization" by a government-owned state enterprise.

Nectec will handle the main operation of Internet Thailand, CAT will provide communication lines and TOT will take care of the local telephone availability for the services.

Internet Thailand will spend 16 million baht on high speed communication circuits, equipment and personnel recruitment it was revealed.

Thawisak Konanthakun, the networking director of Nectec, said Internet Thailand would be officially launched in January but undergo tests for about six months to evaluate the market, user demand, and the need for training.

Sirisak Chamonman, the honorary vice-president of Assumption University, said Internet Commercial and Knowledge Service (Comnet) would also be officially launched quite soon. He said CAT holds a 32 percent stake, three percent would be owned by CAT staff and 65 percent by Knowledge, whose share of the company would be divided among the Banchang Group, Thai Sugar Mill, Dr Sirisak and other educators.

Assumption University has been selected by Sun Microsystems Computer Company in the USA to become Sun SITE Thailand. It will also provide a gateway to information on Thailand and other countries in the Southeast Asia and Asia-Pacific region.

PULO Said Luring Southern Muslims Into Fold

BK2201115395 Bangkok THE SUNDAY POST in English 22 Jan 95 p 1

[Report by Suphat Bunthanom in Yala]

[FBIS Transcribed Text] Increasing numbers of southern Muslims are signing up with the Pattani United Liberation Organisation [Pulo] because Pulo membership cards give them certain privileges in Malaysia, it is claimed. The development is reported to be more worrying to the southernmost authorities than the problem of dual (Thai and Malaysian) nationality.

Mr Dusit Chanthasen, Consul-General at Kota Baharu, claims that increasing numbers of Thais are seeking Pulo membership because the cards enable them to work in Malaysia without fear of arrest by the Malaysian authorities. Pulo membership is reported to be expanding, with regular meetings being held to introduce new members.

Mr Dolo Awae, 55, was a Pulo member in Tambon Talubo in Pattani town until he defected to Civilian-Police-Military Command 43 in mid-April last year. Mr Dolo claims that a membership card can be used as a "passport" in certain areas defined by the Pulo, in what he describes as a "conspiracy" with the Malaysian authorities.

He says he went to Malaysia without a passport to work as a logger, and was approached by the Pulo to join the organisation. He says life became more convenient when he got his membership card. When he was arrested for not having a Malaysian identification card, a three-star officer at the police station immediately set him free when he saw the Pulo card, he claims. He says he introduced a number of Thais to Pulo membership in Tanah Putih, Kelantan state.

The card not only provides some immunity from arrest, it also enables holders to find jobs in Malaysian industrial estates, Mr Dolo claims. Mr Dusit says this recruiting tactic has long been used by the Pulo, which, he claims, also gives Thai criminal suspects sanctuary in Malaysia under its protection. Many people have become Pulo or united front members in this way, he says.

The consul-general says he has proposed that the Foreign Ministry set aside funds to establish up an official association of Thais in Kelantan. The association's committee, which would be made up of well-to-do Thais, would organise activities in which Thais in Malaysia could participate.

Mr Dusit says he wants to make the Thais in the area feel they have not been overlooked by the Thai government. According to information from criminal suspects who fled to Malaysia and were later arrested by the Thai authorities, and from people who have defected, there are two types of Pulo membership card: one for members, resembling an official ID card, and one for members of the Pulo army which has a fold and is signed by army chief Haji Srama-ae Thanam.

The defectors say there is also a temporary card issued to applicants before they get full membership. The application fee used to be 10 Malaysian ringgits (about 100 baht) but has been raised to 50 ringgits (500 baht). A monthly membership fee of two ringgits from new members and five ringgits from old members is collected. Memberships cards are valid for a year. It is thought to be possible to apply for Pulo membership at 13 area offices in Kelantan State: at Kota Baharu, Tampoi, Gua Musang, Pasir Mas, Bachok, Kuala Kerai, Jeli, Tanah Merah, (Jati), Kampong Buloh, Panglima Baru and Kota Baharu airfield. The Pulo has an officer in each area to coordinate with Malaysian authorities, it is claimed.

Defectors say there are six work sections in each area, for agriculture medical care, finance, education and religion, coordination and service. The Thai authorities say that the majority of separatists have both Thai and Malaysian ID cards, and the matter was raised at a recent meeting of officials from various intelligence units at the Southern Border Provinces Administration Centre. Units have been asked to restrict the movements of people with dual nationality by setting up more border checkpoints.

Vietnam

PRC Protest Over Spratlys Activity Dismissed

BK2301150395 Hanoi VNA in English 1450 GMT 23 Jan 95

["On Chinese Spokesperson's Allegation"—VNA headline]

[FBIS Transcribed Text] Hanoi VNA Jan. 23—Referring to the Chinese Foreign Ministry spokesman's January 21 allegation which said that activities conducted by Vietnam together with a third country in what they called Nansha [Spratly Islands] were violating China's territorial sovereignty and sea rights, as spokesperson of the Vietnamese Foreign Ministry said:

'Vietnam has repeatedly affirmed its sovereignty over Truong Sa Archipelago [Spratly Islands]. Activities done by Vietnam itself or in cooperation with other countries in the archipelago and sea areas belonging to Vietnam's exclusive economic zone and continental shelf is proceeding from its sovereignty and in line with international laws. Therefore no country has the right to prevent these activities.

PRC Army Logistics Delegation Visits 16-23 Jan

BK2301151895 Hanoi VNA in English 1450 GMT 23 Jan 95

[FBIS Transcribed Text] Hanoi VNA Jan. 23—A delegation of the General Logistics Department of the People's Liberation Army of China, led by its Deputy Director Major General Shen Binyi, has visited Vietnam from Jan. 16-23 at the invitation of the General Logistics Department of the Vietnam People's Army [VPA].

The delegation was received by General Doan Khue, minister of national defence. Lieutenant General Nguyen Phuc Thanh, director of the VPA's General Logistics Department gave a reception in honour of the delegation and exchanged experience with it in an atmosphere of friendship and mutual understanding.

While here, the delegation paid tribute to President Ho Chi Minh at his Mausoleum and called at the Military Zone 7, military institutes, Army and logistics units.

'Sources' Cite Differences Over Reforms

BK2401112095 Hong Kong AFP in English 1104 GMT 24 Jan 95

[FBIS Transcribed Text] Hanoi, Jan 24 (AFP)—Divisions are appearing in the leadership of Vietnam's communist party over the implementation of administrative reforms and a legal framework to separate state powers, informed sources said Tuesday.

The divisions appeared during a party central committee plenum that ended Monday aimed at setting up a legal framework for the state, a crucial issue as Vietnam seeks to reconcile party ideology with transition to a market economy.

At the center of the debate is a separation of powers into an executive, legislature and judiciary, the backbone of a modern state. But the idea remains an ideological taboo for the communist party.

"It is difficult to clearly distinguish the functions of the party," a senior official in charge of party ideology told AFP recently.

The four-day plenum, which was not officially announced, was marked by vigorous debate between reformists and conservatives within the party, the sources said.

The reformists are in favor of the state legal code, which would reduce the party's omnipotence in legal and state affairs.

They argue the communist party's monopoly on the state apparatus is holding back crucial administrative reforms favored by international financial institutions, Vietnam's trading partners and foreign investors.

"We should not create a state that is only the instrument of the party," one influential veteran communist said in a document for the plenum obtained by AFP.

The 140-odd party delegates to the plenum failed to reach a decision on measures to speed up administrative reforms that are desperately [words indistinct] Vietnam opens up its economy, the sources said.

Vietnam's leaders appear increasingly embarrassed by the time taken to implement the administrative reforms, seen as a major obstacle to the country's policy of economic renovation launched in 1987.

The implementation of the reforms—which heads Prime Minister Vo Van Kiet 1995 agenda—has been hindered by official opposition, the inefficiency of the state apparatus, red tape and corruption, analysts say.

Also cited is a general apathy on the part of the population—80 percent of whom are peasants.

At the last plenum here in July, the party's central committee adopted a resolution for industrial and technological development to pave the way for Vietnam's industrialization and modernization.

The debates currently underway in the communist party will likely figure prominently at its next congress in 1996.

Midterm Review of Cooperation With UNDP Held

BK2101100795 Hanoi VNA in English 0628 GMT 21 Jan 95

[FBIS Transcribed Text] Hanoi VNA Jan. 21—A government review of the activities of the United Nations Development Programme (UNDP) half-way through its fourth country programme concluded that the work of this UN agency had a positive impact on Vietnam's economic development.

The review, held on here yesterday, covered the first half of the current 1992-1996 five year programme which focuses on economic, legal and public institution reform, environment and natural resource management, and social resource management, and social adjustment, with emphasis on capacity building. UNDP funds are expected to total USD 110 million, with some USD 65 million already spent between 1992 and 1994.

The mid-term review, attended by Deputy Prime Minister [P.M.] Phan Van Khai, State Planning Committee, Vice Chairman Vo Hong Phuc and UNDP Resident Representative Roy D. Morey, noted that among the most significant work of the UNDP had been the provision of training to Vietnamese managers on the workings of a market economy.

The UNDP also helped in the formulation of the national plan for environment and sustainable development as well as a biodiversity action plan to be adopted soon. Efforts in social adjustment were concentrated on rural employment, HIV/AIDS prevention and urban planning.

Additionally the UNDP has been appointed by the government as the lead agency to promote in-country aid coordination, it was further announced at the review meeting where deputy P.M. Khai said the government appreciated UNDP's contributions in reform work and looked forward to greater cooperation with UNDP to accelerate Vietnam's development before the year 2000.

Unions Planned for All Economic Establishments

BK2201153195 Hanoi VNA in English 1431 GMT 22 Jan 95

[FBIS Transcribed Text] Hanoi VNA Jan. 22—Trade union organisations, official or interim, will be set up at all economic establishments by the end of this year, a target set by the Executive Board of the Vietnam General Confederation of Labour.

Trade union organisations have been set up in almost all the more than 5,000 state-run businesses, compared with only 1,200 out of the over 18,000 big and medium-sized economic establishments in the non-state sector. This sector consists of 11,000 businesses, 1,000 joint-venture enterprises and 6,000 small industrial and handicraft cooperatives. In other words, efforts should be exerted to set up trade union organisations in the remaining 17,000 units.

The current market economic mechanism has led a number of problems that need to be solved, particularly the interests and relations between employees and employers. A report released by the executive board reveals that since early 1994 there have been 27 strikes mostly in the non-state sector, demanding employers to abide by labour contracts. This made employees think of the establishment of their own trade unions, official or interim, in order to protect employees' rights and interests in accordance with the country's labour code.

Tay Ninh Party Membership Increases by 620

BK2301063295 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 22 Jan 95

[FBIS Translated Text] In 1994, various party echelons in Tay Ninh Province granted party membership to a total of 620 people, including 318 youth union members, an increase of 127 percent over 1993. Last year, attention was paid to party inspection by various Tay Ninh grass-roots party organizations. Since the implementation of the party Central Committee's third plenum resolution, Tay Ninh Province has removed 41 hamlets from the list of hamlets without party members. Thus, the province now has party members in 100 percent of its villages.

Australia

Government To Protest U.S. Subsidized Exports

LD2301093695 Melbourne Radio Australia in English 0800 GMT 23 Jan 95

[FBIS Transcribed Text] Australia is to lodge a diplomatic protest in Washington against an American decision to sell 160,000 [metric] tonnes of subsidized dairy products to Asian countries. The 12 countries are considered traditional markets for unsubsidized Australian dairy products. The United States says it will sell 22,000 tonnes of milk powder, butter fat, and cheese to Asian countries under its dairy export incentive program. The Australian Government says it will be closely watching the implementation of the American export push, but, as Stuart Heather reports, Trade Minister Bob McMullan says he recognizes that there is little that Australia can do:

[Heather] With few options left now that the United States has publicly confirmed its approval of millions of dollars' worth of subsidized dairy shipments into Asia and the prospect that other commodities might be next, Senator McMullan could only say that he is deeply disappointed. Senator McMullan rejected Washington's justification for the sale, that it's responding to subsidies of agricultural exports by the European Community.

[Begin McMullan recording] Europe has just reduced their subsidies, not enough, but they've just... [pauses] Last week they reduced their subsidies, so how the United States can say last week they didn't need subsidies, now the European subsidies have gone down now the Americans do need them, it's just an absurd proposition. [end recording]

Papua New Guinea

Minister Says Government Controlling Spending

LD2001194795 Melbourne Radio Australia in English 1900 GMT 20 Jan 95

[FBIS Transcribed Text] Chris Haiveta, Papua New Guinea's [PNG] finance minister, says he is confident the government has controlled the excessive spending which almost led to World Bank intervention in the PNG economy. Late last year the International Monetary Fund, the World Bank, the Asian Development Bank, and the Australian Government were discussing a rescue package for Papua New Guinea. The package would have enforced tough conditions on the PNG Government, among them abolition of a 30 million dollar fund members of parliament spent on projects in their electorates and the end of a price support scheme for agricultural exports. Radio Australia's Port Moresby correspondent, Sean Dorney, says Papua New Guinea flatly rejected the rescue package. Mr. Haiveta says he is ready to meet with officials of the World Bank and the IMF next week to explain the measures the PNG government has taken to overcome the crisis.

Solomon Islands

Ministry Reveals Talks With Bougainville Rebels

BK1901062895 Melbourne Radio Australia in English 0500 GMT 19 Jan 95

[FBIS Transcribed Text] The Solomon Islands Foreign Ministry has revealed that it held a meeting with the leadership of the Bougainville Revolutionary Army [BRA] three weeks ago. The Foreign Ministry spokesman says the meeting was held between the minister, Danny Philips; BRA commander Sam Kauona; and BRA repesentative in Honiara, Martin Miriori. The spokeskan said Mr. Philips gave details of his recent talks in Port Moresby with the Papua New Guinea [PNG] Government on the Bougainville issue. Solomons radio said the BRA leadership has welcomed the PNG Government's new approach to resolving the Bougainville conflict.

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